BILL NO. S-81-11-69

SPECIAL ORDINANCE NO. S-261-81

ORDINANCE AUTHORIZING THE CITY OF
FORT WAYNE TO ISSUE ITS "ECONOMIC DEVELOPMENT
REVENUE BONDS, SERIES 1981
(LUTHERAN HOMES, INC. PROJECT)"
AND APPROVING OTHER ACTIONS IN RESPECT THERETO

WHEREAS, the Fort Wayne Economic Development Commission has rendered its Project Report for the Lutheran Homes, Inc. Project regarding the financing of proposed economic development facilities for Lutheran Homes, Inc., and the Fort Wayne Plan Commission has commented favorably thereon; and

WHEREAS, the Fort Wayne Economic Development Commission conducted a public hearing on November 19, 1981, and also adopted a resolution on November 19, 1981, which Resolution has been transmitted hereto, finding that the financing of certain economic development facilities of Lutheran Homes, Inc. complies with the purposes and provisions of I.C. 36-7-12 and that such financing will be of benefit to the health and welfare of the City of Fort Wayne and its citizens; and

WHEREAS, the Fort Wayne Economic Development Commission has heretofore approved and recommended the adoption of this form of Ordinance by this Common Council and has approved the forms of and has transmitted for approval by the Common Council the Loan Agreement, Mortgage and Security Agreement, Trust Indenture, Note, and Series 1981 Bonds; now therefore,

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA THAT:

SECTION 1. It is hereby found that the financing of the economic development facilities referred to in the Loan Agreement, Mortgage and Security Agreement approved by the Fort Wayne Economic Development Commission and presented to the Common Council, the issuance and sale of revenue bonds, the loan of the proceeds of the revenue bonds to Lutheran Homes, Inc.

for the acquisition and construction of such facilities and the equipping thereof, the payment of the revenue bonds by the Note payments of Lutheran Homes, Inc. under the Loan Agreement, Mortgage and Security Agreement and Note, and the securing of said bonds by the mortgaging of existing property owned by the Applicant and the granting of security interest in the fixtures and equipment included in the Project to the Trustee under the Trust Indenture, complies with the purposes and provisions of I.C. 36-7-12 and will be of benefit to the health and welfare of the City of Fort Wayne and its citizens.

SECTION 2. The substantially final forms of the Loan Agreement, Mortgage and Security Agreement, Trust Indenture, Note, and Bonds, approved by the Fort Wayne Economic Development Commission are hereby approved and all such documents (herein collectively referred to as the "Financing Agreement" referred to in I.C. 36-7-12), are hereby approved, and all such documents shall be incorporated herein by reference and shall be inserted in the minutes of the Common Council and kept on file by the Clerk. In accordance with provisions of I.C. 36-1-5-4 two (2) copies of all such documents are on file in the office of the Clerk for public inspection.

SECTION 3. The City of Fort Wayne shall issue its Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project), in the total principal amount of One Million Five Hundred Thousand Dollars ($1,500,000.00) and maturing twelve years from the date of issuance, for the purpose of procuring funds to pay the costs of acquisition, construction and equipping of the economic development facilities as more particularly set out in the Loan Agreement, Mortgage and Security Agreement and Trust Indenture incorporated herein by reference, which bonds will be payable as to principal, premium, if any, and interest from the note payments made by Lutheran Homes, Inc. under the

Loan Agreement, Mortgage and Security Agreement and Note or as otherwise provided in the above described Loan Agreement, Mortgage and Security Agreement, and Trust Indenture. The bonds may be issued in coupon or registered form; may be issued in denominations of $5,000 or a multiple thereof, may be fully registered, or in the case of coupon bonds, may be registrable as to principal only; payments of principal and interest are payable in lawful money of the United States of America at the principal office of the Trustee or its successor in trust or by check or draft mailed or delivered to the registered owner as provided in the Loan Agreement, Mortgage and Security Agreement, and in Trust Indenture; and shall be redeemed as provided in Article V of the Trust Indenture. The Bonds shall never constitute a general obligation of, an indebtedness of, or a charge against the general credit of the City of Fort Wayne, nor are the bonds payable in any manner from revenues raised by taxation.

SECTION 4. Substantially final forms of the Official Statement and Bond Purchase Agreement have been submitted to the Common Council and are hereby approved, and all such documents shall be incorporated herein by reference and shall be inserted in the minutes of the Common Council and kept on file by the Clerk. In accordance with provisions of I.C. 36-1-5-4, two (2) copies of all such documents are on file in the office of the Clerk for public inspection.

SECTION 5. The Mayor, Clerk, and Controller are authorized and directed to sell such bonds to the purchasers thereof at a rate of interest per annum on the bonds not to exceed twelve and one-half percent (12-1/2%) (except in the event of a Determination of Taxability, as set forth in the Trust Indenture, Loan Agreement, Mortgage and Security Agreement), and at a price not less than ninety-four percent (94%) of the principal amount thereof.

SECTION 6. The Mayor, Clerk, and if necessary, the Controller, are authorized and directed to execute, attest, affix or imprint by any means the City seal to the documents constituting the Financing Agreement approved herein on behalf of the City and the Official Statement and Bond Purchase Agreement also approved herein, and any other document which may be necessary or desirable to consummate the transaction, including the bonds authorized herein. In addition, the Mayor, Clerk, and Controller, or any other City official, is authorized to distribute the Official Statement to such parties as may be entitled thereto. The signatures of the Mayor and Clerk on the bonds and coupons, if any, may be either manual or facsimile signatures. The Clerk is authorized to arrange for delivery of such Bonds to the Trustee named in the Trust Indenture, payment for the bonds will be made to the Trustee named in the Trust Indenture, and after such payment the bonds will be delivered by the Trustee to the purchasers thereof. The Mayor and Clerk shall execute and the Clerk shall deliver the bonds to the Trustee within ninety days of the adoption of this ordinance. the bonds shall be dated as of the first day of the month of delivery.

SECTION 7. The provisions of this Ordinance and the Trust Indenture securing the bonds shall constitute a contract binding between the City of Fort Wayne and the holder of the Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project), and after the issuance of said bonds, this Ordinance shall not be repealed or amended in any respect which would adversely affect the rights of such holders so long as any of said bonds or the interest thereon remains unpaid.

SECTION 8. This Ordinance shall be in full force and

effect from and after its passage and signing by the Mayor.

Vivian G. Schmidt
COUNCILMAN

APPROVED AS TO FORM AND LEGALITY
THIS 23 DAY OF November, 1981.

John J. Wernet, Attorney for the
Fort Wayne Economic Development
Commission.

Read the first time in full and on motion by J. Schmidt, seconded by Talarico, and duly adopted, read the second time by title and referred to the Committee Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on _____, the _____ day of _____, 19____, at _____ o'clock ___ M.,E.S.T.

DATE: 11-24-81

Charles W. Westerman
CHARLES W. WESTERMAN
CITY CLERK

Read the third time in full and on motion by J. Schmidt, seconded by Talarico, and duly adopted, placed on its passage. PASSED ~~(LOST)~~ by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT	TO-WIT:
TOTAL VOTES	5			4	
BURNS	✓				
EISBART	✓				
GiaQUINTA				✓	
NUCKOLS				✓	
SCHMIDT, D.				✓	
SCHMIDT, V.	✓				
SCHOMBURG				✓	
STIER	✓				
TALARICO	✓				

DATE: 12-1-81

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as ~~(ZONING MAP)~~ ~~(GENERAL)~~ ~~(ANNEXATION)~~ (SPECIAL) (APPROPRIATION) ORDINANCE (RESOLUTION) No. S-261-81 on the 1st day of December 19 81.

ATTEST: (SEAL)

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

James S. Stier
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 4th day of December, 19 81, at the hour of 1:30 o'clock P. M.,E.S.T.

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 4th day of December 19 81, at the hour of 1:30 o'clock P.M.,E.S.T.

WINFIELD C. MOSES, JR.
MAYOR

BILL NO. S-81-11-69

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN ORDINANCE ORDINANCE AUTHORIZING THE CITY OF FORT WAYNE TO ISSUE ITS "ECONOMIC DEVELOPMENT REVENUE BONDS, SERIES 1981 (LUTHERAN HOMES, INC. PROJECT)" AND APPROVING OTHER ACTIONS IN RESPECT THERETO FOR CONSIDERATION

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE Do PASS.

VIVIAN G. SCHMIDT, CHAIRMAN	Vivian G. Schmidt
JAMES S. STIER, VICE CHAIRMAN	J. Stier
MARK E. GiaQUINTA	Mark E. GiaQuinta
PAUL M. BURNS	Paul M. Burns
ROY J. SCHOMBURG	

APPLICATION TO FORT WAYNE, INDIANA
ECONOMIC DEVELOPMENT COMMISSION,
FOR ECONOMIC DEVELOPMENT
REVENUE BOND FINANCING

(1) Applicant's name

Wayne Candies, Inc.

(2) Address of Applicant's Principal Office and Place of Business.

Wayne Candies ~~Standard Brands Incorporated~~
1501 E. Berry Street, Fort Wayne, IN 46803

(3) Type of organization under which the Applicant does business (e.g. corporation, partnership, sole proprietorship, joint venture).

Indiana Corporation

(4) Under the laws of what State is the Applicant organized?

Delaware

(5) Business or business in which applicant is engaged?

Manufacturing

(6) Is the applicant qualified to do business in Indiana?

Yes

RECEIVED
DEC 03 1981

(7) Please list names and titles of principal operating personnel.

We plan to employ the three managers still associated with the facility.

Dan Comp - Plant Manager
Roy Sutphin - Controller
Peter Mildred - Manufacturing Manager

(8) Please list names of all persons or firms having an ownership interest of 10% or more in the applicant.

Storck USA, L.P.

(9) Please list names of any persons who are both (a) shareholders or holders of any debt obligation of the applicant; and (b) officers or members of the Economic Development Commission; or members of the Common Council of the City; or members of the Allen County Council.

None

(10) Has any person listed been (a) convicted of a felony, (b) convicted of or enjoined from any violation of state or federal securities laws, or (c) a part to any consent order or entry with respect to an alleged state or federal securities law violation, in each case within ten years preceding the date of this application?

None

(11) What is applicant's net worth as of the end of the calendar or fiscal year quarter next preceding the date of the application?

$300,000.00 in capital

(12) How long has applicant been in business (a) under its present name, and (b) under any prior names? Please supply, if applicable.

We are a new business

(13) What is the proposed amount of the bond issue?

$2,000,000.00

(14) How are the proceeds of the issue to be used? (Itemize by category of expenditure)

Purchase of land and buildings and equipment.
Modernizing and upgrading of equipment.

(15) If the proceeds of the issue are not estimated to be sufficient to acquire, construct and/or remodel, and equip the proposed project, itemize the additional expenditures which will be necessary and indicate the source of such funds.

The applicant will provide $300,000.00 (See #11) in equity.

(16) Where is the proposed project to be located? (Give street address and legal description as it appears on auditor's records).

1501 E. Berry Street
Fort Wayne, IN 46803

(17) Describe facilities to be constructed. (Provide architect's rendering if available).

Facility is in place

(18) Is the project solely within the city limits of Fort Wayne? (If not, give the name of the township and/or other municipality in which it is located).

Yes

(19) Is the property solely within the Fort Wayne Community School District? (If not, state the name of the School District in which it is located).

Yes

(20) What is the approximate size of the tract or parcel on which the property is to be situated?

Approximately 3.5 acres

(21) If the proposed project or a portion thereof is to be leased to another entity or entities, name the entity or entities and describe the portion to be leased. If no lease is contempleted, please indicate.

The facility will not be leased.

(22) What is the nature of the business to be conducted at this location?

Manufacturing and marketing of candy products.

(23) Does existing zoning clearly permit construction and operation of the proposed project?

(a) - What is the existing zone? M-2

(b) - What zone does project require? M-2

(24) Will the proposed project have ready access to (a) water, and (b) sewers? If not, state how it is intended to obtain access to those utilities.

(a) Yes
(b) Yes

(25) Are septic tank or other temporary sewage treatment and disposal facilities to be used in lieu of sewers?

No

(26) Describe briefly any adverse environmental impact anticipated by reason of operation of the proposed project, with particular reference to air, noise or water pollution.

NO

(27) If the project is constructed, will any existing jobs be lost by reason of reduction or cessation of operations (a) in the City, (b) in Allen County, or (c) elsewhere in the State of Indiana?

No

(28) Describe briefly by category the nature of the new jobs to be created.

Candy Makers
Machine packaging operators
Management & Supervisory Personnel

(29) State the number of new jobs to be created (a) immediately after the proposed facilities are placed into operation, and (b) within three years thereafter.

(a) rehiring 48 first year (1982)
(b) 200 in full operation

(30) What additional annual payroll will the new jobs generate (a) immediately after the proposed facilities are placed into operation, and (b) within three years thereafter.

(a) over $1,000,000 in 1982
(b) $4,000,000.00

(31) If the proposed project would not be approved for tax-exempt financing, is there any substantial possibility that loss of existing jobs would occur in (a) the City, (b) the County, or (c) the State of Indiana? If the answer to either (a), (b) or (c) is affirmative, what would be the approximate number of jobs lost and the approximate net annual dollar amount of payroll loss?

Yes. Without tax-exempt financing this project will not be feasible.

(32) Has the proposed project been informally reviewed by bond counsel to determine whether it is in accordance with the applicable state and federal law? If so, by what firm of bond counsel?

No

(33) Have tentative or final arrangements been made for sale of the bonds? Describe briefly any such arrangements.

Tentative arrangements have been made

(34) Describe briefly the proposed method of financing. (Direct, loan, lease, sale, etc.)

Direct Loan

By: _____

Wayne Candies, Inc.
Name of Applicant
Its: V.P. of Finance

Dated this 3 day of December, 1981.

State name, address and phone number of person to be contacted and given notice about this applicant:

NOTE: The applicant should either attach a firm letter of commitment from a Bank or other financial institutions to purchase the proposed bond issue, or should attach hereto copies of its financial statements (and those of any proposed guarantor, if any), preferably audited, for the three calendar years preceding the date of this application. If the obligations of the applicant and/or payment of principal of any interest on the bonds are to be guaranteed by an entity other that the applicant, please supply answers so questions 1 through 7 inclusive, with respect to the proposed guarantor.

FORWARD APPLICATION TO:

Debbie Jo Shell
EDC Coordinator
City-County Building
Room 800
One Main Street
Fort Wayne, Inaiana 46802
(219) 423-7995

COUNSEL FOR THE FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION:

John Wernet
200 Metro Building
202 W. Berry Street
Fort Wayne, Indiana 46802
Telephone: (219) 423-3595

MEMBERS OF THE ECONOMIC DEVELOPMENT COMMISSION:

Sidney R. Sheray
Timothy S. Borne
Charles M. Henry
Phillip A. Howard
Stanley Lipp

The City of Fort Wayne

December 3, 1981

Mr. Bruce Boxberger
City Attorney
City-County Building
Fort Wayne, Indiana

RE: EDC Application for Wayne Candies, Inc.

Dear Bruce:

From the background information I have received on the above named applicant this is an issue with solid financial backing. Because of the external time urgencies upon the applicant, I strongly recommend the Commission's positive action.

Should you have any questions, please contact me.

Sincerely,

Frank W. Heyman
City Controller

REPORT OF THE FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION CONCERNING THE PROPOSED FINANCING OF ECONOMIC DEVELOPMENT FACILITIES FOR

Wayne Candies, Inc.

Having been furnished certain data by the above applicant, and having had discussions with representatives of said applicant, the Fort Wayne Economic Development Commission now submits the following report pursuant to Indiana Code 36-7-12-1 et seq.

Description of Proposed Facilities

Project will consist of acquisition of existing equipment and manufacturing facilities for the production of candy products, and land parcel approximately 3.5 acres located at 1501 E. Berry Street, Fort Wayne in Allen County, Indiana.

Estimate of Public Services Required

All public services, including water and sewage, now exist. No public facilities will be made necessary on account of the proposed facilities.

Total Project Cost

The total project cost for the purchase, construction and equipping of the facilities is estimated to be $ 2,000,000.00, including costs of issuance of the economic development revenue bonds.

Number of Jobs and Estimated Payroll

It is anticipated there will be approximately 48 (1982) 200 by (1985) new jobs created by this project with an estimated payroll increase of approximately $1 M (1982) $4 M (1985) annually.

Adverse Competitive Effect

The construction of the facilities will not have an adverse competitive effect on any similar facilities already constructed or operating in or near Fort Wayne, Indiana.

Dated this 3 day of December, 1981.

Sidney R. Sheray

Charles Henry

Timothy Borne

Phil A. Howard

Stan Lipp

INDUCEMENT RESOLUTION OF
FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION
ON APPLICATION OF
WAYNE CANDIES, INC.

WHEREAS, the City of Fort Wayne, Indiana, (the "Issuer") is authorized by Indiana Code §36-7-12 (the "Act") to issue revenue bonds for the financing of economic development facilities, the funds from said financing to be used for the acquisition, construction and equipping of said facilities, and said facilities to be either sold or leased to the user or developer; and

WHEREAS, Wayne Candies, Inc. (the "Applicant"), has advised the Fort Wayne Economic Development Commission (the "Commission") and the Issuer that it proposes that the Issuer acquire and equip an economic development facility and sell and/or lease the same to the Applicant or loan proceeds of an economic development financing to the Applicant for the same, said economic development facility to be acquisition of land, buildings, and equipment and modernizing of equipment for use in the manufacturing and marketing of candy products located at 1501 E. Berry Street, Fort Wayne, Indiana (the "Project"), and

WHEREAS, the diversification of industry and increase in job opportunities to be achieved by the acquisition of the Project will be of public benefit to the health, safety and general welfare of the Issuer and its citizens; and

WHEREAS, it would appear that the financing of the Project would be of public benefit to the health, safety and general welfare of the Issuer and its citizens or the citizens of Allen County, Indiana; and

WHEREAS, the acquisition and construction of the facility will not have an adverse competitive effect on any similar facility already constructed or operating in Allen County, Indiana.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The Commission hereby finds and determines that the promotion of diversification of economic development and job opportunities in Fort Wayne, Indiana, is desirable to preserve the health, safety and general welfare of the citizens of the Issuer, and that it is in the public interest that the Commission and the Issuer take such action as they lawfully may to encourage economic development, diversification of industry and promotion of job opportunities in and near the Issuer.

2. The Commission hereby finds and determines that the issuance and sale of economic development revenue bonds in an amount of approximately $2,000,000 of the Issuer under the Act for the acquisition, construction and equipping of the Project and the sale or leasing of the Project to the Applicant or the loan of the proceeds of the revenue bonds to the Applicant, will serve the public purposes referred to above, in accordance with the Act.

3. In order to induce the Applicant to proceed with the acquisition, construction and equipping of the Project, the Commission hereby finds and determines that (i) it will take or cause to be taken such actions pursuant to the Act as may be required to implement the aforesaid financing or as it may deem appropriate in pursuance thereof; provided that all of the foregoing shall be mutually acceptable to the Issuer and the Applicant; and (ii) it will adopt such resolutions and authorize the execution and delivery of such instruments and the taking of such action as may be necessary and advisable for the authorization, issuance and sale of said economic development revenue bonds.

4. All costs of the Project which may be financed under the Act will be permitted to be included as part of the bond issue to finance the Project, and the Issuer will sell or lease

the same to the Applicant or loan the proceeds from the sale of the bonds to the Applicant for the same purposes.

5. This Resolution shall expire 180 days after the date of its adoption unless the Applicant either requests the Commission to adopt a final resolution approving closing documents or requests an extension from the Commission, which extension shall be granted upon good cause being shown.

ADOPTED this ____ day of _____, 1981.

FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION

_____
Sidney R. Sheray

_____
Timothy Borne

_____
Charles M. Henry

_____
Phil A. Howard

_____
Stan Lipp

Admn. Appr. _____

DIGEST SHEET

S-81-11-69

TITLE OF ORDINANCE Special

DEPARTMENT REQUESTING ORDINANCE Economic Development Commission

SYNOPSIS OF ORDINANCE An Ordinance authorizing the City of Fort Wayne to issue its Economic Development Revenue Bonds, Series 1981 (LUTHERAN HOMES, INC. PROJECT), and approval of final financing documents. An Inducement Resolution for this Project was previously adopted by City Council.

EFFECT OF PASSAGE Permanent Financing of the Facilities.

EFFECT OF NON-PASSAGE None of the above.

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) None.

ASSIGNED TO COMMITTEE (PRESIDENT) _____

APPLICATION TO FORT WAYNE, INDIANA
ECONOMIC DEVELOPMENT COMMISSION,
FOR ECONOMIC DEVELOPMENT
REVENUE BOND FINANCING

RECEIVED
AUG 10 1981
Ans'd.....

(1) Applicant's name

LUTHERAN HOMES, INC.

(2) Address of Applicant's Principal Office and Place of Business.

6701 South Anthony Boulevard
Fort Wayne, Indiana

(3) Type of organization under which the Applicant does business (e.g. corporation, partnership, sole proprietorship, joint venture).

Corporation

(4) Under the laws of what State is the Applicant organized?

Indiana

(5) Business or business in which applicant is engaged?

Home for the aged

(6) Is the applicant qualified to do business in Indiana?

Yes

(7) Please list names and titles of principal operating personnel.

Fred L. Nieno - Chief Executive Officer

Robert Scheimann - Business Administrator

(8) Please list names of all persons or firms having an ownership interest of 10% or more in the applicant.

Not For Profit Corporation

(9) Please list names of any persons who are both (a) shareholders or holders of any debt obligation of the applicant; and (b) officers or members of the Economic Development Commission; or members of the Common Council of the City; or members of the Allen County Council.

(a) Not Applicable

(b) See list at end of this Application

(10) Has any person listed been (a) convicted of a felony, (b) convicted of or enjoined from any violation of state or federal securities laws, or (c) a part to any consent order or entry with respect to an alleged state or federal securities law violation, in each case within ten years preceding the date of this application?

(a) No
(b) No
(c) No

(11) What is applicant's net worth as of the end of the calendar or fiscal year quarter next preceding the date of the application?

$3,555,463.56 as of 7/1/81

(12) How long has applicant been in business (a) under its present name, and (b) under any prior names? Please supply, if applicable.

(a) Lutheran Homes, Inc., since July, 1965

(b) Lutheran Old People's Home, Inc., June, 1932 - July, 1965

(13) What is the proposed amount of the bond issue?

$1,855,000

(14) How are the proceeds of the issue to be used? (Itemize by category of expenditure)

Addition of forty-three single and two (2) double-unit rooms for Home residents, plus construction of dining room and boiler room addition with boiler

(15) If the proceeds of the issue are not estimated to be sufficient to acquire, construct and/or remodel, and equip the proposed project, itemize the additional expenditures which will be necessary and indicate the source of such funds.

Existing funds, including advance deposits of potential Home residents

(16) Where is the proposed project to be located? (Give street address and legal description as it appears on auditor's records).

6701 South Anthony Boulevard, Fort Wayne, Indiana, legally described as follows: See attached Exhibit "A"

EXHIBIT "A"

LEGAL DESCRIPTION OF LUTHERAN HOMES, INC., FROM AUDITOR'S OFFICE

The South 1,263.12 feet of the West 1,050 feet in the North half of the Southwest Quarter, except therefrom the South 485.7 feet of the West 250 feet, and except the South 205.8 feet of the East 392 feet of the West 642 feet, and except Part to City in Adams Township, Section 30, Township 30 North, Range 13 East, in Allen County, Indiana.

(17) Describe facilities to be constructed. (Provide architect's rendering if available).

(a) 43 single and 2 double-room units, totalling 20,000 square feet;
(b) Boiler room addition - 600 square feet;
(c) Boiler;
(d) New Dining Area - 5860 square feet.

(18) Is the project solely within the city limits of Fort Wayne? (If not, give the name of the township and/or other municipality in which it is located). Yes

Fort Wayne, Adams Township, Allen County, Indiana

(19) Is the property solely within the Fort Wayne Community School District? (If not, state the name of the School District in which it is located).

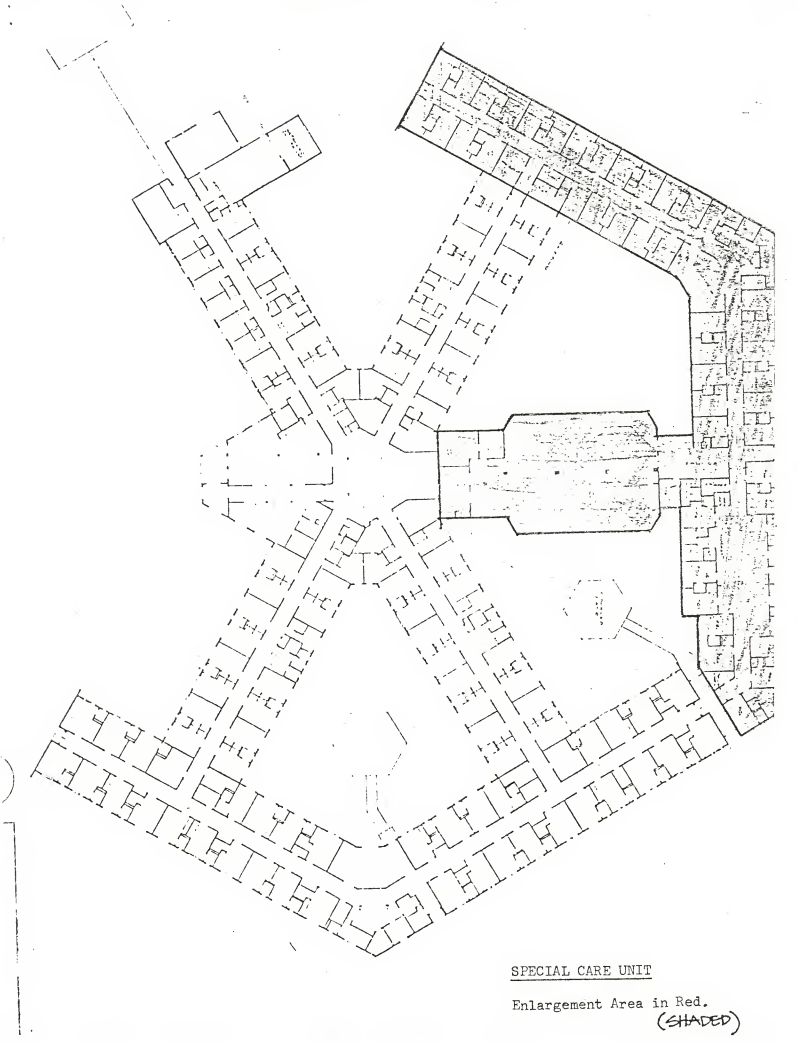
Yes

(20) What is the approximate size of the tract or parcel on which the property is to be situated?

5.26 Acres

(21) If the proposed project or a portion thereof is to be leased to another entity or entities, name the entity or entities and describe the portion to be leased. If no lease is contempleted, please indicate.

No Lease contemplated



SPECIAL CARE UNIT

Enlargement Area in Red.
(SHADED)

(22) What is the nature of the business to be conducted at this location?

Provide comprehensive nursing and residential facilities for persons requiring such care.

(23) Does existing zoning clearly permit construction and operation of the proposed project? Yes

(a) - What is the existing zone?
RA - Suburban residential

(b) - What zone does project require?
Present Zoning adequate.

(24) Will the proposed project have ready access to (a) water, and (b) sewers? If not, state how it is intended to obtain access to those utilities.

(a) Yes
(b) Yes

(25) Are septic tank or other temporary sewage treatment and disposal facilities to be used in lieu of sewers?

No

(26) Describe briefly any adverse environmental impact anticipated by reason of operation of the proposed project, with particular reference to air, noise or water pollution.

No adverse environmental impact anticipated

(27) If the project is constructed, will any existing jobs be lost by reason of reduction or cessation of operations (a) in the City, (b) in Allen County, or (c) elsewhere in the State of Indiana?

(a) No
(b) No
(c) No

(28) Describe briefly by category the nature of the new jobs to be created.

Nursing	21 persons
Food service	3 persons
Housekeeping	3 persons
Maintenance	1 person
Miscellaneous	2.5 persons

(29) State the number of new jobs to be created (a) immediately after the proposed facilities are placed into operation, and (b) within three years thereafter.

(a) 30
(b) 30

(30) What additional annual payroll will the new jobs generate (a) immediately after the proposed facilities are placed into operation, and (b) within three years thereafter.

(a) $450,000
(b) $450,000 plus increments

(31) If the proposed project would not be approved for tax-exempt financing, is there any substantial possibility that loss of existing jobs would occur in (a) the City, (b) the County, or (c) the State of Indiana? If the answer to either (a), (b) or (c) is affirmative, what would be the approximate number of jobs lost and the approximate net annual dollar amount of payroll loss?

(a) No
(b) No
(c) No

(32) Has the proposed project been informally reviewed by bond counsel to determine whether it is in accordance with the applicable state and federal law? If so, by what firm of bond counsel?

Yes - Ice, Miller, Donadio & Ryan
111 Monument Circle, 10th Floor
Indianapolis, Indiana, 46204

(33) Have tentative or final arrangements been made for sale of the bonds? Describe briefly any such arrangements.

Yes - with Joseph Schrader of Waterfield Mortgage Company, Inc., of Fort Wayne; upon approval by EDC and City Council, the bonds will be sold through Waterfield Mortgage Company

(34) Describe briefly the proposed method of financing. (Direct, loan, lease, sale, etc.)

Direct sale of Economic Development Revenue Bonds, subject to NIHSA SEC. 1122 approval.

LUTHERAN HOMES, INC.
Name of Applicant

BY: Fred L. Nieno
Fred L. Nieno
Its: Chief Executive Officer

Dated this 10th day of August, 1981.

State name, address and phone number of person to be contacted and given notice about this applicant:

Walter P. Helmke, Attorney at Law
309 Standard Building
Fort Wayne, Indiana, 46802
219/422-7422

The City of Fort Wayne

August 12, 1981

Mr. Bruce Boxberger
City Attorney
City-County Building
Fort Wayne, Indiana

RE: EDC Application for Lutheran Homes, Inc.

Dear Bruce:

I have reviewed the application and financial statements of the above named applicant.

I find no problems with these documents which should deter action by the Commission. However, documentation of the Waterfield Mortgage tentative commitment should be available to the Commission. (See application item #33.)

Sincerely,

Frank W. Heyman
City Controller

REPORT OF THE FORT WAYNE ECONOMIC DEVELOPMENT
COMMISSION CONCERNING THE PROPOSED FINANCING
OF ECONOMIC DEVELOPMENT FACILITIES FOR
Lutheran Homes, Inc.

Having been furnished certain data by the above applicant, and having had discussions with representatives of said applicant, the Fort Wayne Economic Development Commission now submits the following report pursuant to Indiana Code 18-6-4.5-16.

Description of Proposed Facilities

Expansion of an existing comprehensive nursing and residential facility located at 6701 South Anthony; within the City limits of Fort Wayne, Allen County, Indiana.

Estimate of Public Services Required

All public services, including water and sewage, now exist. No public facilities will be made necessary on account of the proposed facilities.

Total Project Cost

The total project cost for the purchase, construction and equipping of the facilities is estimated to be $1,855,000.00, including costs of issuance of the economic development revenue bonds.

Number of Jobs and Estimated Payroll

It is anticipated there will be approximately 30 new jobs created by this project with an estimated payroll increase of approximately $450,000.00 annually.

Adverse Competitive Effect

The construction of the facilities will not have an adverse competitive effect on any similar facilities already constructed or operating in or near Fort Wayne, Indiana.

Dated this 24 day of August, 1981.

Sidney R. Sheray

Charles Henry

Timothy Borne

Phillip Howard

Stanley Lipp

FINAL RESOLUTION OF
FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION
FORT WAYNE, INDIANA

WHEREAS, the Fort Wayne Economic Development Commission has entered into an Inducement Resolution with Lutheran Homes, Inc. on August 24, 1981 and has rendered its project report regarding the financing of proposed economic development facilities for Lutheran Homes, Inc.; and

WHEREAS, the City of Fort Wayne has adopted an Inducement Resolution approving the Application; and

WHEREAS, Lutheran Homes, Inc. has submitted substantially final forms of a Loan Agreement, Mortgage and Security Agreement, Trust Indenture, Note, and Series 1981 Bonds in coupon and registered form to this Commission and has requested this Commission's approval of same; and

WHEREAS, notice by publication in accordance with I.C. 5-3-1 has been given of a public hearing on the proposed financing of the economic development facilities and a public hearing has been held;

NOW, THEREFORE, BE IT RESOLVED by the Fort Wayne Economic Development Commission that:

SECTION 1. It finds that the proposed financing of economic development facilities presented to this meeting for the Lutheran Homes, Inc. Project in an amount not to exceed the sum of $1,500,000.00 for the purpose of acquiring, constructing, and equipping an economic development facility located in Fort Wayne, Indiana, complies with the purposes and provisions of I.C. 36-7-12 and will be of benefit to the health and welfare of the City of Fort Wayne and its citizens.

SECTION 2. The substantially final forms of Loan Agreement, Mortgage and Security Agreement, Trust Indenture, Note, and Series 1981 Bond in coupon and registered form, and proposed form of Ordinance for the Common Council presented to this meeting, which documents provide for the issuance of City of Fort Wayne Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project), in the total principal amount of $1,500,000.00 and maturing twelve years from the date of issuance, subject to mandatory or optional prepayments as set out in the Loan Agreement, Mortgage and Security Agreement; the Bonds may be issued in coupon or registered form in denominations of $5,000.00 or multiples thereof and are payable in lawful money of the United States of America at the principal office of the Trustee or its successor; the Bonds will bear a rate of interest of 12-1/2% with interest payable semi-annually on June 1 and December 1 of each year; are hereby approved.

SECTION 3. The proposed economic development facilities will not have an adverse competitive effect on any similar facilities already under construction or in operation in or near the City of Fort Wayne, Indiana.

SECTION 4. A copy of this Resolution shall be presented to the Common Council.

Adopted this 19 day of November, 1981.

FORT WAYNE ECONOMIC DEVELOPMENT COMMISSION

By: Sidney R. Sheray, President

Attest:

Timothy Borne, Secretary

THE CITY OF FORT WAYNE

CITY-COUNTY BUILDING • ONE MAIN STREET • FORT WAYNE, INDIANA 46802

city plan commission

10 November 1981

Ms. Jane Strother, E.D.C. Coordinator
Room #800
City-County Building
One Main Street
Fort Wayne, IN 46802

Re: Lutheran Homes, Inc. -
6701 S. Anthony Blvd.

Dear Ms. Strother:

The property described by the attached survey was approved on September 3, 1970 by the City Board of Zoning Appeals, Case No. 75-1970-Z, for use as a retirement home. All uses conducted by Lutheran Homes, Inc., in connection with their retirement home are permitted on the property described in the attached legal description.

If you have additional questions please contact me at 423-7571.

Sincerely,

Gary F. Baeten
Senior Planner

GFB:pb

Attachment

CERTIFICATE OF SURVEY

NUMBER 13

OFFICE OF A. K. HOFER AND CARL A. HOFER
CIVIL ENGINEERS - F. WAYNE, INDIANA

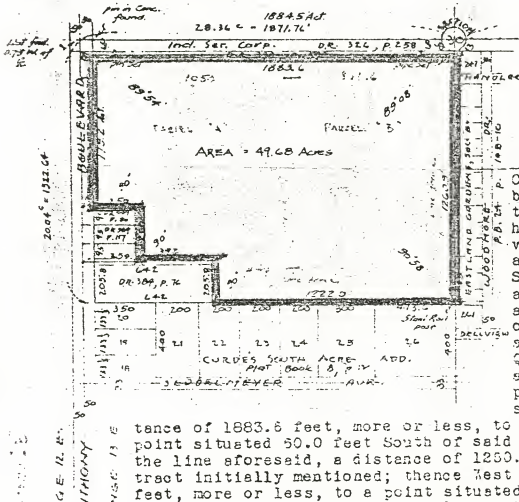
SHEET No. (1)

Registered in Indiana
No. 72
No. 7122

This document is the record of a resurvey of land and real estate situated in the City of Fort Wayne, Allen County, Indiana, made in accordance with the plat and deed record thereof on file in the Office of Recorder of said County and State. The land below described exists in full dimension as hereinposed in feet, and is free from encroachments by adjoining landowners, and furthermore, contains entirely within its boundaries the structures of the buildings on it situated; all as below indicated in detail. Any exceptions or discrepancies are below noted.

DESCRIPTION OF PROPERTY Lot No.

Part of the North one-half of the Southwest Fractional Quarter of Section 30, Township 30 North, Range 13 East, in Allen County, Indiana, in particular described as follows, to-wit:



Commencing on the range line between Ranges 12 and 13 as by the center line of the public highway, known as Anthony Boulevard, defined, at a point situated 485.8 feet North of the Southwest corner of the tract aforesaid; thence running North along said Range line a distance of 779.2 feet to a point situated 60.0 feet South of the West Quarter corner of said Fractional Section; thence East on a line parallel to the North line of said Quarter Section, a distance of 1883.6 feet, more or less, to the East line thereof at a point situated 60.0 feet South of said Section Center; thence South the line aforesaid, a distance of 1250.9 feet to the South line of the tract initially mentioned; thence West on the line aforesaid 1222.0 feet, more or less, to a point situated 642.0 feet East of the Southwest corner of the tract initially mentioned; thence North and parallel to the Range line aforementioned, a distance of 205.8 feet; thence West and parallel to the South line of the tract initially mentioned, a distance of 392.0 feet; thence North and parallel to the Range line aforesaid, a distance of 280.0 feet; thence West and parallel to the South line of the tract initially mentioned, a distance of 250.0 feet to the place of beginning; containing 49.68 acres of land.

SUBJECT TO public road upon and over the West 50.0 feet of the North 749.2 feet thereof, occupied by the right-of-way of said Anthony Boulevard;

SUBJECT TO an easement for street purposes upon and over a strip 25.0 feet in width, described as the East 392.0 feet of the West 642.0 feet of the North 25.0 feet of the South 230.8 feet of the North one-half of the Southwest Fractional Quarter of said Section 30.

TOGETHER WITH an easement for street purposes, upon and over a strip of land 25.0 feet in width, described as the West 250.0 feet of the North 25.0 feet of the South 230.8 feet of the North one-half of the Southwest Fractional Quarter of said Section 30.

SUBJECT TO an easement upon and over the north 30.0 feet thereof as by Indiana Service Corporation held, and in Deed Record 396, pages 596-9, recorded

IN WITNESS WHEREOF, I place my hand and seal, this 19 day of January, 1961

John Wernet
Grotrian & Boxberger
200 Metro Bldg.
Hand Deliver

In the opinion of Bond Counsel, interest on the Bonds is exempt from Federal Income Tax under existing laws, and interest on the Bonds is exempt from taxation in the State of Indiana for all purposes except the state inheritance tax. For a description of State and Federal tax considerations, see the caption "Tax Exemption" herein.

OFFICIAL STATEMENT

$1,500,000

CITY OF FORT WAYNE, INDIANA

ECONOMIC DEVELOPMENT REVENUE BONDS, SERIES 1981

(LUTHERAN HOMES, INC., PROJECT)

THE BONDS AND THE INTEREST COUPONS APPERTAINING THERETO DO NOT REPRESENT OR CONSTITUTE AND SHALL NEVER CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE CITY OF FORT WAYNE, INDIANA, OR THE STATE OF INDIANA, AND THE CITY SHALL NOT BE REQUIRED TO OBLIGATE OR PLEDGE ANY MONIES RAISED BY TAXATION FOR THE PAYMENT OF THE BONDS. THE BONDS ARE SECURED BY A FIRST MORTGAGE ON EXISTING FACILITIES WHICH ADJOIN THE PROJECT SITE (SEE THE CAPTION "RISK FACTORS TO BOND HOLDERS" HEREIN), AND BY A SECURITY INTEREST IN FIXTURES AND EQUIPMENT TO BE LOCATED ON THE PROJECT SITE, AND ARE PAYABLE SOLELY FROM FUNDS DERIVED FROM PAYMENTS MADE PURSUANT TO THE TERMS OF A LOAN AGREEMENT BETWEEN THE CITY AND LUTHERAN HOMES, INC., AND WITH RESPECT TO PRINCIPAL ON THE BONDS (UNDER CERTAIN CIRCUMSTANCES) FROM FUNDS TO BE PROVIDED UNDER AN IRREVOCABLE LETTER OF CREDIT TO BE ISSUED BY FORT WAYNE NATIONAL BANK (SEE IRREVOCABLE LETTER OF CREDIT AND CREDIT AGREEMENT).

Dated: December 1, 1981 **Due: December 1, 1993**

The bonds will be issued in coupon form or in fully registered form in the denominations of $5,000 each or integral multiples thereof. Interest on the Bonds is payable semiannually on June 1 and December 1, commencing June 1, 1982, at Fort Wayne National Bank, with its principal place of business in the City of Fort Wayne, Indiana (the "Trustee"). The Bonds are subject to (i) mandatory redemption if interest on the Bonds becomes taxable for Federal income tax purposes, (ii) optional redemption on or after June 1, 1989, (iii) redemption prior to maturity pursuant to mandatory sinking fund provisions, and (iv) redemption upon the occurrence of certain events. See the caption "The Bonds" herein.

MATURITY SCHEDULE

Principal Maturity Year	Amount Maturing December 1	Interest Rate
1993	$1,500,000	12½%

Price 100% plus accrued interest from December 1, 1981.

See "Sinking Fund" provisions contained within the captions "Schedule of Debt Service" and "The Bonds" herein.

The Bonds are offered when, as and if received and accepted by Headford & Company, Incorporated, (the "Underwriter") and are subject to prior sale and to approval of legality by Ice Miller Donadio & Ryan, Indianapolis, Indiana, as Bond Counsel; and the approval of certain legal matters by Helmke, Beams, Boyer & Wagner, Fort Wayne, Indiana, Counsel for Lutheran Homes, Inc.; Grotrian & Boxberger, Fort Wayne, Indiana, Counsel for the City of Fort Wayne, Indiana; Barrett, Barrett & McNagny, Fort Wayne, Indiana, Counsel for Fort Wayne National Bank; and Shoaff, Parker & Keegan, Fort Wayne, Indiana, Counsel for the Underwriter. It is expected that the Bonds will be available for delivery on or about December 7, 1981.

headford & Company
INCORPORATED
Member Midwest Stock Exchange

November 30, 1981

For City Council
Re Lutheran Homes
2 copies each of
Official Statement
Trust Indenture
Loan Agreement

No dealer, broker, salesman, or other person has been authorized by the City of Fort Wayne, Lutheran Homes, Inc., Fort Wayne National Bank, or the Underwriter to give any information or make any representations other than those contained in this Official Statement; and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any State in which it is unlawful for such person to make such offer, solicitation, or sale. The information contained herein has been obtained from the City of Fort Wayne, Lutheran Homes, Inc., and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and no statement contained herein is to be construed as a representation by, the City of Fort Wayne or the Underwriter. Neither the delivery of this Official Statement nor any sale made hereunder at any time shall imply that the information or opinions herein are correct as of any time subsequent to the date of this Official Statement.

TABLE OF CONTENTS

	Page
Definitions	1
Introductory Statement	4
Risk Factors to Bondholders	5
The Issuer	8
The Company	9
The Project	11
Use of Proceeds	11
Schedule of Debt Service	13
The Bonds	13
The Trust Indenture	19
The Loan Agreement, Mortgage and Security Agreement	24
The Irrevocable Letter of Credit And Credit Agreement	36
Tax Exemption	37
Underwriting	38
Experts	38
Legal Matters	38
Miscellaneous	39
Appendix	40

The Bonds are to be issued pursuant to and in full compliance with the laws of the State of Indiana, particularly Indiana Code 36-7-12, et seq., (the "Act"), and pursuant to an ordinance (the "Bond Legislation") to be passed by the Common Council of the City of Fort Wayne, Indiana (the "Issuer"), and are secured by a Loan Agreement, Mortgage and Security Agreement (the "Loan Agreement"), dated as of December 1, 1981, between Lutheran Homes, Inc. (the "Company") and the Issuer, and the Issuer's rights thereunder are assigned by a Trust Indenture (the "Indenture") between the Issuer and the Trustee, and the Bonds are also secured by a certain Irrevocable Letter of Credit issued by Fort Wayne National Bank (not in its capacity as Trustee) in favor of the Trustee to be drawn upon in the event of default.

The Bonds and the interest coupons appertaining thereto do not now and shall never represent or constitute an indebtedness of the Issuer, and neither the Bonds nor the interest thereon shall be a charge against the general credit or taxing power of the Issuer, nor shall there be any liability whatever upon the Issuer, or any of its representatives, including without limitation, the Members of the Common Council and the Economic Development Commission, and the Mayor of the Issuer. The Bonds are special obligations payable solely from note payments to be derived from a promissory Note of the Company (the "Initial Note") pursuant to the terms of the Loan Agreement between the Issuer and the Company. Such Loan Agreement, Note, and other amounts are pledged and all of the Issuer's rights under the Loan Agreement have been assigned pursuant to the terms of the Indenture, and all interests in certain equipment and fixtures included in the Project and located on the Project Site and in existing facilities located on the Mortgaged Real Estate which adjoin the west side of the Project Site are subject to the Mortgage and Security Agreement to further secure payment of the Bonds.

DEFINITIONS

The following are definitions in substance of the terms used in the Indenture and the Mortgage and as used in this Official Statement.

"Additional Bonds" means the additional parity Bonds authorized to be issued by the City pursuant to the Indenture.

"Additional Notes" means the additional parity Notes, other than the Initial Note, authorized to be issued by the Company pursuant to Article VI of the Loan Agreement.

"Bank" means the Fort Wayne National Bank, or any successor or assignee, which bank is issuer of the Letter of Credit.

"Bond Fund" means the Bond Fund created pursuant to the Indenture.

"Bondholder" means the holder of any coupon Bond not registered as to principal and the registered owner of any fully registered Bond or any coupon Bond registered as to principal.

"Bonds" means the Original Bonds, the Additional Bonds and any other Bonds issued under the Indenture.

"Company" means Lutheran Homes, Inc., an Indiana not-for-profit corporation, or any successor corporation.

"Construction Fund" means the Construction Fund established pursuant to the Indenture.

"Construction Period" shall mean the period of time from the date of the issuance of the Original Bonds to the date of the receipt by the Trustee of the completion certificate of the Company required pursuant to the Indenture.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for the Issuer.

"Indenture" means the Trust Indenture dated as of December 1, 1981, from the Issuer to the Trustee and all amendments and supplements thereto.

"Initial Note" means the Series 1981 Note of the Company in the principal amount of $1,500,000 which will be issued and delivered by the Company to the Issuer to evidence the loan of the proceeds of the Original Bonds.

"Issuer" means the City of Fort Wayne, an Indiana municipal corporation, or any successor thereto or assignee thereof.

"Letter of Credit" means the Irrevocable Letter of Credit of

the Bank, issued to the Trustee in the maximum aggregate amount of $1,646,562.50, representing the full principal amount of the Original Bonds, six and one half months' of accrued interest thereon, plus a maximum premium equal to 3% of the principal amount thereof.

"Loan Agreement" or "Mortgage" or "Security Agreement" means the Loan Agreement Mortgage and Security Agreement dated as of December 1, 1981 between the Company and the Issuer.

"Mortgaged Property" means the property described in the granting clauses of the Loan Agreement plus any additional property which shall have been subjected to the lien of the Loan Agreement.

"Mortgaged Real Estate" means the real estate and improvements adjacent to the Project Site and which constitutes a part of the Mortgaged Property but is not part of the Project to be financed from proceeds of the Original Bonds.

"Notes" means the Initial Note and any Additional Notes.

"Original Bonds" means the Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project) to be issued by the Issuer under the Indenture in the aggregate principal amount of $1,500,00.

"Parity Instruments" means instruments creating Parity Obligations.

"Parity Obligations" means any obligation of the Company to be entered into and standing on a parity and equality with the Notes in the lien created by the Loan Agreement in the Mortgaged Property.

"Permitted Encumbrances" means, as of any particular time, (i) any exception to title shown in Exhibit A to the Loan Agreement, (ii) liens for ad valorem taxes and special assessments or installments thereof not then delinquent, (iii) the Loan Agreement and the Indenture, (iv) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that will not materially interfere with or impair the operations being conducted on the real estate included in the Mortgaged Property, (v) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to such Mortgaged Property and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Company, (vi) zoning and building laws, ordinances or regulations and similar restrictions and liens arising in connection with workmen's compensation, unemployment insurance, taxes, assessments, statutory obligations or liens, social security legislation, undetermined liens and charges incidental to construction, or other similar charged

arising in the ordinary course of operation and not overdue or, if overdue, being contested in good faith and such other liens and charges at the time required by law as a condition precedent to the transaction of the business of the Company or the exercise of any privileges or licenses of the Company, and (vii) any lien or security interest securing the Letter of Credit.

"Project" means the Economic Development facilities described in Exhibit A of the Loan Agreement (see "The Project").

"Project Site" means the Real Estate on which the Project will be located as described in Exhibit A of the Loan Agreement. THE REAL PROPERTY ON WHICH THE PROJECT SITE IS LOCATED IS NOT PART OF THE MORTGAGED PROPERTY AND IS NOT SUBJECT TO THE MORTGAGE AND LIEN OF THE LOAN AGREEMENT OR THE INDENTURE.

"Qualified Investments" means investments in: (1) bonds, notes, certificates of indebtedness, treasury bills of or other securities constituting direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by the United States of America; (ii) certificates of deposit issued by banks and mutual savings banks incorporated under the laws of any state of the United States and by national banking associations, including the Trustee; or (iii) repurchase agreements issued by banks and mutual savings banks incorporated under the laws of any state of the United States and by national banking associations, including the Trustee, that are fully collateralized by interest-bearing obligations described in clauses (i) and (ii) above.

"Trustee" means the Fort Wayne National Bank, or any successor trustee under the Indenture.

"Underwriter" means Headford and Company, Incorporated.

(End of section)

12/1/81

$1,500,00

CITY OF FORT WAYNE, INDIANA

ECONOMIC DEVELOPMENT REVENUE BONDS, SERIES 1981

(LUTHERAN HOMES, INC. PROJECT)

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information in connection with the sale by the City of Fort Wayne, Indiana (the "Issuer"), a municipal corporation, organized and existing under the laws of the State of Indiana (the "State"), of its Economic Development Revenue Bonds, Series 1981, (Lutheran Homes, Inc. Project) in the principal amount of $1,500,000 (the "Bonds"), to be issued pursuant to the Trust Indenture, dated as of December 1, 1981 (the "Indenture") between the Issuer and the Trustee and to be secured in part by payments under the Loan Agreement, dated as of December 1, 1981, between the Issuer and the Company. The Bonds are being issued to provide funds for the purpose of financing the acquisition, construction and equipping of a skilled and/or intermediate care nursing facility (the "Project"), as more particularly described under the caption "The Project" herein.

Under the Loan Agreement, the proceeds from the sale of the Bonds will be loaned to the Company to assist in paying the costs of the acquisition, construction, and equipping of the Project. Payments on the Series 1981 Note will be sufficient, together with other funds available for such purpose, to insure the payment of the principal of, premium, if any, and interest on the Bonds. The real estate and existing facilities located thereon which adjoin the west side of the Project (the "Mortgaged Real Estate"), and certain equipment and fixtures included within the Project and located on the Project Site will also be subject to the lien of the Mortgage and Security Agreement, to secure the obligations of the Company contained in the Bonds, the Loan Agreement and in the Promissory Note (the "Note") issued by the Company to the Issuer concurrently with the execution of the Loan Agreement. The Issuer shall assign without recourse its rights to receive the payments on the Series 1981 Note (as defined in the Indenture) and its other rights under and interest in the Loan Agreement to the Trustee under the Indenture.

Brief descriptions of the Issuer, the Project, the Bonds, the Loan Agreement, the Indenture, and the Irrevocable Letter of Credit and Credit Agreement are included in this Official Statement. Attached hereto as Appendix A is information concerning the Company which was taken from certain reports. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bonds, the Loan Agreement, the Indenture, the Irrevocable Letter of Credit and the Credit Agreement are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in the aforementioned documents, copies of all of which are available for inspection during normal business hours in the principal office of the Trustee in Fort Wayne, Indiana.

RISK FACTORS TO BONDHOLDERS

The Bonds will be a limited obligation of the Issuer, and are not secured by its general credit or taxing power. The bonds will not be a general obligation of the Issuer and will not constitute a debt or liability of the Issuer, the State of Indiana or any political subdivision thereof. No representation or assurance can be made or given that revenues and receipts, as presently estimated or otherwise, will be realized from the Project in amounts sufficient to pay principal and interest on the Bonds, nor can any assurance or representation be made that the earnings and net worth of the Company will at all times be sufficient to make the payments under the Loan Agreement.

In addition to the factors set forth elsewhere in the Official Statement, prospective purchasers should carefully consider the following risk factors relating either to the operation of nursing care facilities or to this transaction of which the Project is a part.

(1) The facility, and another under the control of the Company, are dependent to a degree on reimbursement from governmental agencies, particularly the partially State and partially Federally funded Medicaid programs, and the Federally funded Medicare program. The levels of such payments, and consequently of the revenues of this and other facilities, are, therefore, subject to periodic change in accordance with budgeting devices over which the Company will have no control.

(2) The implementation of Federal wage and price controls for health care facilities could have an adverse impact on the Project and revenues generated therefrom.

(3) Medicaid rate regulation by the State of Indiana could have an adverse impact on the Project and revenues generated therefrom.

(4) Future legislation and regulations could affect nursing care facilities, governmental and commercial medical insurance, the fees and charges of doctors, and the health care industry in general.

(5) Increases in the cost of and the availability of malpractice and liability insurance in the State of Indiana could adversely affect the Project.

(6) Unionization, employee strikes, and adverse labor conditions could result in reduced profit margins.

(7) The reduced need for nursing care arising from future medical or scientific advances could adversely affect the Project.

(8) Competition from other long term care facilities now or

hereafter located in the service areas of the Project and another such facility owned by the Company could adversely affect the Project.

(9) The building to be constructed and improved will be a special purpose building. Consequently, if the Company should default, it may be more difficult to secure an appropriate tenant for or purchaser of the Project.

(11) The building which constitutes a portion of the Mortgaged Property is a special purpose building. Consequently, if the Company should default it may be more difficult to secure an appropriate tenant for or purchaser of the Mortgaged Property.

(10) Enforcement of remedies as described in "THE LOAN AGREEMENT--Events of Default and Remedies Therefor", and "THE INDENTURE--Remedies" and payments to be made by the Company under the Irrevocable Letter of Credit may be limited by bankruptcy laws (including the bankruptcy trustee's claim that payments by the Bank to the Trustee under the Irrevocable Letter of Credit within 90 days of the commencement of bankruptcy proceedings by or against the Company constitutes a preferential transfer which is the property of the bankruptcy trustee) or other laws relating to creditors' rights generally and may be substantially delayed in the event of liquidation or the required use of foreclosure or other statutory remedy procedures.

(12) The additional security provided for by payment of the unpaid principal amount of, premium, if any, and six and one-half months of accrued interest on the Bonds by the Fort Wayne National Bank Irrevocable Letter of Credit may be impaired in the event of a deterioration of the financial condition of the Bank, as the Irrevocable Letter of Credit represents a general claim against the assets of the Bank.

(13) The enforceability of standby letters of credit, such as the Irrevocable Letter of Credit, has been challenged under certain circumstances on the grounds that such letters constitute an impermissible guarantee of a contract by a national bank. While reported court decisions have upheld the enforceability of standby letters of credit in connection with such challenges, this issue has not been decided by Indiana courts.

(14) Performance by the Bank of its obligations under the Irrevocable Letter of Credit is subject to the satisfaction of certain conditions by the Trustee, as set forth in the Irrevocable Letter of Credit. Bondholders are thus dependent upon the Trustee acting to satisfy such conditions before they will receive the benefit of the Irrevocable Letter of Credit. A potential conflict of interest exists with respect to the enforcement of the Irrevocable Letter of Credit, however, since the Bank, which has issued the Irrevocable Letter of Credit, is also the Trustee. Furthermore, the question of whether the Trustee has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat the Trustee's rights of enforcement of the Irrevocable Letter of Credit.

(15) The United States Bankruptcy Code generally stays the enforcement of claims against the estate of bankrupt once a petition in bankruptcy is filed. The Bank is required under the Irrevocable Letter of Credit to pay amounts sufficient to pay the Bonds in the event of the bankruptcy of the Company. However, recent bankruptcy cases have suggested that a bankruptcy court could stay the payment of a letter of credit secured by property of the company in whose behalf the letter of credit has been issued. Therefore, in the event of the bankruptcy of the Company, a bankruptcy court could temporarily stay the enforcement of the Irrevocable Letter of Credit, until relief from that stay is granted by the court, thus delaying payment to the Bondholders. If such a stay is ordered, the Bonds will continue to accrue interest until relief is granted or the Bonds are paid. However, if the stay delays payment by the Bank beyond its obligations described under the heading "Irrevocable Letter of Credit and Credit Agreement," the interest on the Bonds will be secured solely by moneys received from payments on the Initial Note of the Loan Agreement.

(16) In the event of redemption of any of the Bonds, such Bonds will cease to bear interest on the specified redemption date. Notice of such redemption will be mailed to the holders of registered bonds and to the holders of coupon bonds who have registered their ownership. However, notice of such declaration and payment will be provided to holders of coupon bonds who have not registered their ownership only by publication in a newspaper or financial journal of general circulation published in Fort Wayne, Indiana. Such redemption may occur for a number of reasons (such as failure of the Company to timely pay the amounts due under the Notes, a default by the Company under any of its covenants under the Loan Agreement, and certain bankruptcy events relating to the Company) and may not necessarily occur at or near any interest payment date. Thus, there is a substantial risk that holders of unregistered bonds will not learn of the redemption and payment of the Bonds in a timely manner and will therefore continue to hold the Bonds for as much as six months (i.e., until the next coupon date) after they cease to bear interest.

(17) Indiana has enacted a Certificate of Need statute that applies to nursing care facilities to be constructed. The Project falls within the general scope of that statute. While it is the Company's opinion that the statute does not currently apply to the Project, it is possible that a contrary position could be taken by the State Board of Health prior to completion of construction. In that event, the State Board of Health could seek to enjoin the Project until a Certificate of Need could be obtained. Since guidelines for reviewing applications for Certificates of Need have not been finally promulgated it is impossible to predict whether the Company could obtain such a Certificate or how long the process of obtaining a Certificate would take. If the Project should be delayed the Company would not have revenues available to it that are projected to be available upon completion.

It cannot be predicted at this time whether the final regulations of the State Board of Health implementing said statute will be promulgated by December 1, 1981, the date by which it is anticipated the Series 1981 Bonds will be issued.

(18) The access roadway which provides ingress to and egress from the Mortgaged Real Estate and Project Site is subject to a utility easement granted to Indiana & Michigan Electric Commpany for the purpose of constructing, operating, and maintaining towers and wires for the transmission of electric or other power. Although Indiana & Michigan Electric Company has not used the easement in such a way as to prevent ingress to and egress from the Mortgaged Real Estate or Project Site, the utility company may in the future use the easement to prevent such ingress and egress. In that event the Company would be required to construct a new access roadway to the Mortgaged Real Estate and Project Site, and the Company may not have sufficient funds for such road construction.

THE ISSUER

The Issuer is a municipal body coexisting under the laws of the State of Indiana. The Common Council (the "Council") of the City of Fort Wayne has created by ordinance the Fort Wayne Economic Development Commission (the "Commission") and the proceedings of the Issuer, the Council and the Commission are authorized and governed by Indiana Code, Title 36, Article 7, Chapter 12 (the "Act"). On September 8, 1981, upon recommendation of the Commission, the Council adopted a resolution determining that the issuance and sale of economic development revenue bonds of the Issuer under the Act for the acquisition, construction and equipping of the Project and the loan of the proceeds of the said bonds to the Company would serve the public purposes of encouraging economic development, diversification of industry and commerce, and promotion of job opportunities in and near Issuer, in accordance with the Act; such resolution was intended to induce the applicant Company to proceed with acquisition, construction and equipping of the Project. It is expected that on December 1, 1981, the Council of the Issuer, upon recommendation of the Commission, shall adopt an Ordinance (1) reaffirming and finding that the financing of the Project and the issuance of the Original Bonds serves the public purposes above stated, in accordance with the Act; (2) authorizing the issuance of the Original Bonds; and (3) authorizing the financing of a portion of the Project from the proceeds to be derived from the sale of the Original Bonds. The Issuer is empowered by the Act to issue the Original Bonds, to loan the proceeds from the sale of the Original Bonds to the Company, and to secure the Original Bonds by an assignment of its rights under the Loan Agreement and the Initial Note and the payments to be made under the Loan Agreement and the Initial Note to the Trustee pursuant to the Indenture. After adoption of the Ordinance, the Issuer will enter into the Loan Agreement and the Indenture and will endorse the Initial Note in order to accomplish such actions. All assignments and endorsements by Issuer are without recourse to the Issuer.

THE COMPANY

The Company is a not-for-profit corporation organized and existing under the Laws of the State of Indiana, and is organized as a corporation described under Section 501 (c)(3) of the Internal Revenue Code of 1954, as amended, and is exempt from taxation under Section 501 (a) of said Code, and is the successor to Lutheran Old Peoples Homes, Inc. which was organized in 1932. The change of name of the Company to Lutheran Homes, Inc. occurred on December 14, 1964.

Membership in the Company is limited to any congregation affilated with the following Lutheran Church bodies situated within the territorial boundaries of the State of Indiana: (a) Lutheran Church - Missouri Synod; (b) American Lutheran Church; (c) Lutheran Church in America, and (d) Association of Evangelical Lutheran Churches.

As of November 15, 1981, the Company had 49 members, consisting of 40 Missouri Synod congregations, and 3 congregations from each of the other Lutheran Church bodies to which affiliation is required for membership in the Company.

Officers and Board of Directors

The general control of the Company is the responsibility of the Board of Directors. The Board consists of 21 directors, each of whom is elected for a 3 year term. The Company changed its By-laws in 1979 to limit a director to two successive elected terms; prior to the change a director could serve an unlimited number of elected terms.

Officers of the Company consist of the President, Vice-President, Treasurer, and Secretary.

Officers and members of the Board of Directors and their occupations are as follows:

Name and Position	Occupation
Donald E. Schmidt President and Director	Engineer, International Harvester (retired)
Donald V. Dettmer Vice-President and Director	Owner, Dettmer-Summit Sign Corporation
Donald F. Holle Treasurer and Director	U.S. Post Office (retired)
Dorothy Bell Secretary and Director	Housewife
Vernon J. Adams Director	Comptroller, Old Fort Industries, Inc.
Neil A. Anderson Director	Trust Officer, Fort Wayne National Bank
Paul E. Congdon Director	Attorney (retired)
John W. Dickerson, Sr. Director	Architect, Strauss Associates, Inc.

Ruth Heine Director	Supervisor, Lincoln National Life Insurance Company
Walter P. Helmke Director	Attorney
Wm. A. Kammeyer, M.D. Director	Physician
John A. Korte Director	Owner-Manager, Home Lumber Company
Robert Kropp Director	Insurance Broker
Herman Muesing Director	Supervisor, International Harvester (retired)
Paul F. Nieter Director	Attorney
Robert J. Paul Director	Vice President, Fort Wayne National Bank
Norman Tatman Director	Director of Public Relations, Lutheran Hospital
David VanMeter, D.V.M. Director	Veterinarian
Alfred A. Wick, M.D. Director	Physician
Arthur Zschiegner Director	Lutheran Brotherhood Representative
Zane R. Zwick Director	Attorney

Honorary Board Members

Herman H. Krueckeberg	President, First State Bank of Decatur
Edgar Heikowsky	Vice President, Fort Wayne National Bank (retired)
Harold Hollman	Owner, City Glass Company (retired)

The Executive Director of the Company is Fred L. Nieno, who supervises and controls the business affairs of the Company.

THE PROJECT

The Bonds are being issued to provide a portion of the funds needed to finance the costs of acquiring, constructing and equipping an additional 47 bed skilled and intermediate care facility presently owned and operated by the Company at 6701 South Anthony Boulevard, Fort Wayne, Indiana. The Project includes the construction of resident rooms for 47 additional beds, the construction of a new dining room, the conversion of the existing dining room to an activities center, and the addition of a new boiler. The furnishing and equipping of the new facility will also be a part of the Project. The Project will be constructed and the improvements will be located on real estate, the Project Site, presently owned by the Company. THE EQUIPMENT AND PERSONAL PROPERTY WILL BE PLEDGED AS PART OF THE MORTGAGED PROPERTY SECURING THE BONDS. THE PROJECT SITE AND IMPROVEMENTS THEREON WILL NOT BE PLEDGED AS PART OF THE MORTGAGED PROPERTY AND WILL NOT SECURE THE BONDS. Upon becoming fully operational the Project will employ approximately 30 full time persons and have an estimated annual payroll of $450,000.00.

Upon completion, the Project will conform to the 1973 edition of National Fire Protection Association 101 Life Safety Code and all applicable State of Indiana Codes now in effect and currently being enforced for SNF/ICF nursing facilities. A form 1122 approval for capital expenditures for 47 beds at the location of the Project is in effect pursuant to the U.S. Public Law 92-603, Section 1122.

The City of Fort Wayne is located in northeastern Indiana and is the county seat of Allen County, Indiana. Allen County has approximately 29,000 people 65 years or older within its boundaries. The projected population for 1985 for Allen County is approximately 32,000 people expected to be 65 years or older. There are currently 2,263 existing and approved nursing home beds (excluding this 47-bed project) in Allen County, based upon the most recent data available. The statistics in this paragraph were obtained from population reports and projections prepared by the Indiana State Board of Health, Health Planning and Development Bureau and used in a publication entitled Health Facility Inventory for Allen County, Indiana and dated May, 1981.

USE OF PROCEEDS

The cost of the Project, including financing, legal, printing and miscellaneous costs, is estimated at $2,057,000. A Portion of the Project will be paid from the proceeds received from the sale of the Bonds. Any other costs in excess of the proceeds will be paid by the Company. It is anticipated that the Bond proceeds, together with $557,000 supplied by the Company will be expended in the following approximate amounts for the purposes and from the sources indicated:

Estimated Costs		
Dining Area (including roofing & miscellanous)	$ 343,000.	
Resident Rooms	1,100,000.	
Additional Boiler	50,000.	
Architect Fees	105,000.	
Equipment & furniture	100,000.	
Construction interest	234,000.	(a)
Cost of issuance of EDC Bonds	35,000.	
Bond Discount	90,000.	
	$2,057,000.	(b)

Sources of Funds		
Existing Funds-Advance Deposits	438,667.	
Interest Earned-Construction Period	110,000.	(c)
Prepaid Fee (Irrevocable Letter of Credit)	8,233.	
Issuance Fee (Irrevocable Letter of Credit)	100.	
Bond Proceeds	1,500,000.	
	$2,057,000.	

(a) Assumes construction interest at 2½% from December 1, 1981 to March 31, 1983. The interest on the Bonds during construction will be paid from Existing Funds.

(b) The Company will cooperate with the contractors to complete the Project as expeditiously as possible at or below the construction cost stated above. However, to the extent that the costs incurred in connection with the Project (which have been provided herein by the Company) exceed the amount of the Bonds, the Company has agreed to contribute such excess Project costs. Such total Project Costs do not include the approximately 5.82 acres of land on which the Project is being constructed.

(c) Assumes interest rate earnings of 11½% on U.S. Government obligations held in the Construction Fund during Construction Period.

(End of section)

SCHEDULE OF DEBT SERVICE (a)

PAYMENT	DATE	PRINCIPAL	INTEREST	TOTAL PRINCIPAL & INT.	LETTER OF CREDIT	TOTAL PAYMENT	UNPAID PRINCIPAL BALANCE
6/01/	1982	0	93750	93750	8233	101,983	1500000
12/01/	1982	0	93750	93570	8233	101,983	1500000
6/01/	1983	0	93750	93750	8233	101,983	1500000
12/01/	1983	0	93750	93750	8233	101,983	1500000
6/01/	1984	50000	93750	143750	7958	151,708	1450000
12/01/	1984	50000	90625	140625	7684	148,309	1400000
6/01/	1985	50000	87500	137500	7410	144,910	1350000
12/01/	1985	50000	84375	134375	7135	141,510	1300000
6/01/	1986	50000	81250	131250	6861	138,111	1250000
12/01/	1986	50000	78125	128125	6586	134,711	1200000
6/01/	1987	50000	75000	125000	6312	131,312	1150000
12/01/	1987	50000	71875	121875	6037	127,912	1100000
6/01/	1988	75000	68750	143750	5626	149,376	1025000
12/01/	1988	75000	64063	139063	5214	144,277	950000
6/01/	1989	75000	59375	134375	4802	139,177	875000
12/01/	1989	75000	54688	129688	4391	134,079	800000
6/01/	1990	100000	50000	150000	3842	153,842	700000
12/01/	1990	100000	43750	143750	3293	147,043	600000
6/01/	1991	100000	37500	137500	2744	140,244	500000
12/01/	1991	100000	31250	131250	2195	133,445	400000
6/01/	1992	100000	25000	125000	1647	126,647	300000
12/01/	1992	100000	18750	118750	1098	119,848	200000
6/01/	1993	100000	12500	112500	549	113,049	100000
12/01/	1993	100000	6250	106250	0	106,250	0
TOTAL		1500000	1509376		124316	3133692	

(a) For information regarding interest rates, maturity and redemption provisions, see Cover Page of this Official Statement.

THE BONDS

Description

The Original Bonds are being issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, and as fully registered bonds without coupons in the denomination of $5,000 or any integral multiple thereof. Subject to the restrictions contained in the Indenture, the coupon Original Bonds and the fully registered Original Bonds are interchangeable without cost to the Bondholders, except for any tax or governmental charge required to be paid with respect thereto. The coupon Original Bonds will be dated December 1, 1981, and each fully registered Original Bond will be dated as of the June 1 or December 1 to which interest has been paid as of the date on which it is authenticated or if it is authenticated prior to the first date on which interest is to be paid, it will be dated December 1, 1981. The Original Bonds will bear interest from their dates at the rates and mature in the amounts and on the dates as set forth on the cover page of this Official Statement. Interest on the Original Bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 1982. Principal of and premium, if any, on the Original Bonds, and interest on the coupon Original Bonds are payable at the principal corporate trust office of the Trustee. Interest on fully registered Original Bonds is

payable by check or draft mailed to the registered owners at their addresses as they appear on the registration books kept by the Trustee.

Redemption

Optional Redemption. The Original Bonds are subject to redemption prior to maturity at the option of the Issuer at the direction of the Company on any interest payment date occurring on or after June 1, 1989, in whole or in part in the inverse order of their maturities (less than all of the Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of the principal amount of Bonds being redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Period	Redemption Price
June 1, 1989 and December 1, 1989	105%
June 1, 1990 and December 1, 1990	104%
June 1, 1991 and December 1, 1991	103%
June 1, 1992 and December 1, 1992	102%
June 1, 1993	101%

Extraordinary Optional Redemption. The Bonds and Parity Obligations are subject to redemption on any interest payment date in whole or in part (and if in part, in the inverse order of their maturities and by lot within a maturity in such manner as may be designated by the Trustee) at a redemption price of 100% of the principal amount of the Bonds or Parity Obligation being redeemed plus accrued interest to the redemption date, without premium, upon the occurrence of any of the following events and upon the option of the Company to prepay the amount payable under the Loan Agreement and Notes:

(i) The Mortgaged Property or Project or a substantial portion thereof is damaged or destroyed to such an extent that it is not practicable to rebuild, repair or restore the Project or the Mortgaged Property.

(ii) The Mortgaged Property or Project or a substantial portion thereof is condemned or taken by eminent domain.

(iii) Certain economic, technological or other changes shall have occurred which render the Project or the Mortgaged Property obsolete for the purpose for which it was constructed; or

(iv) As a result of any changes in the constitution of the State of Indiana or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of final decree, judgment or order of any court or administrative body (whether state or federal) the Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in this Agreement; or

(v) Unreasonable burdens or excessive liabilities shall have been imposed upon Company or Issuer with respect to the Project or the Mortgaged Property or the operation thereof.

The Bonds are also subject to redemption on any interest payment date, in whole or in part, (if in part, in inverse order of maturities and by lot within maturities in such manner as Trustee may determine) at 100% of the principal amount thereof plus accrued interest to the redemption date with proceeds in the Bond Fund derived from excess moneys from the Construction Fund, moneys from the sale, lease, removal, or release of any portion of the Mortgaged Property and moneys from the Net Proceeds of any insurance or condemnation awards.

Mandatory Redemption of Original Bonds. The Original Bonds are subject to mandatory redemption by the Issuer at 100% of the principal amount thereof plus a premium equal to an additional 3% of the principal amount thereof, plus accrued interest to the redemption date within 180 days after a determination shall have been made that interest on the Original Bonds is subject to federal income taxes. Such a determination shall be deemed to have occurred upon any determination, decision or decree made by the Commissioner or any District Director of Internal Revenue Service, or by any court of competent jurisdiction that interest payable on the Original Bonds is includable in the gross income of a holder of the Original Bonds.

Notice; Cessation of Interest. In case of redemption of any of the Bonds, notice of call identifying the Bonds or portions thereof to be redeemed shall be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of Fort Wayne, Indiana, the first of which shall be published not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date, and in case of the redemption of such Bonds at the time registered as to principal (except to bearer), upon mailing a copy of the redemption notice by registered or certified mail not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the

registration books maintained by the Trustee, provided however, that failure to give such notice by mailing, or any defect therein with respect to any such registered Bond, shall not affect the validity of any proceedings for the redemption of other Bonds. If all such Bonds to be redeemed are at that time registered, such publication need not be made if such notice by mailing is so given, and failure duly to give such notice by mailing, or any defect in the notice, to the owner of any such Bond designated for redemption shall not affect the validity of the proceedings for redemption of any other such Bonds. If, because of the temporary or permanent suspension of the publication or general circulation of any such newspaper or financial journal, or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner stated above, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice. All Bonds or portions thereof called for redemption will cease to bear interest on the specified redemption date, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions thereof, the holders thereof having only the right to receive the redemption price plus accrued interest to the redemption date.

Upon the occurrence of an event of default and the honoring of the Letter of Credit by the Bank, the Trustee shall publish notice of the date for payment of the Bonds and, in such event, the Bonds shall cease to bear interest after such payments are made (see the caption "IRREVOCABLE LETTER OF CREDIT AND CREDIT AGREEMENT").

Authorization for Issuance

The Act authorizes the Issuer to issue revenue bonds and loan the proceeds thereof to a developer or user for the purpose of financing all costs of purchase or construction of facilities, including real and personal property, for diversification of economic development and promotion of job opportunities in or near the Issuer, such revenue bonds being payable primarily from the revenues derived from the repayment of such loan.

Security for the Original Bonds

The Original Bonds will be a limited obligation of the Issuer, and are not secured by its general credit or taxing powers. The Original Bonds will not be a general obligation of the Issuer and will not constitute a debt or liability of the Issuer, the State of Indiana or any political subdivision thereof.

The Original Bonds will be secured by a pledge and assignment to the Trustee pursuant to the Indenture of the Issuer's right, title and interst in the Loan Agreement and the Initial Note. The Original Bonds will be payable from the payments made by the Company pursuant to the Loan Agreement and the Initial Note (except to the extent payable out of proceeds of the Original Bonds or income from the temporary investment thereof and, under certain circumstances, proceeds of insurance, sale and condemnation awards). In order to secure the payment of the Initial Note and its obligations under the Loan Agreement, the Company has, in the Loan Agreement, granted a first mortgage lien on and security interest in the Mortgaged Property, subject to Permitted Encumbrances. The Mortgaged Property consists of the mortgaged real estate and equipment and personal property located on the Project Site, but does not include the Project Site or the improvements thereon even though the improvements contemplated consist of the building and fixtures which comprise part of the Project. Pursuant to the Indenture the Issuer has assigned the mortgage and security interest described in the preceding sentence to the Trustee as security for the Bonds.

As further security for the Original Bonds, the Bank will issue its Letter of Credit under which the Trustee is permitted to draw an amount sufficient to pay the principal of, premium, if any, and six and one half (6 1/2) months' of accrued interest due on the Original Bonds at the time of timely presentation of the draft to the Bank (see the caption "THE IRREVOCABLE LETTER OF CREDIT AND CREDIT AGREEMENT").

Additional Bonds

The Issuer may issue additional bonds (the "Additional Bonds") on a parity with the Original Bonds (the Original Bonds and any Additional Bonds are hereinafter collectively referred to as the "Bonds"), or the Company may issue Parity Obligations on a parity with the Notes, for one or more of the following purposes:

(i) refunding entirely one or more series of Parity Obligations or one or more series of Bonds outstanding hereunder, if such Bonds or Parity Obligations may otherwise be refunded,

(ii) advance refunding entirely one or more series of Parity Obligations or one or more series of Bonds outstanding hereunder, regardless of whether such Bonds or Parity Obligations may otherwise be refunded, if the same is then permitted by law by depositing with the Trustee, in trust for the sole benefit of such series of Bonds or Parity Obligations, cash or investments (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof) in a principal amount which will, together with the income or increment to accrue thereon, be sufficient to pay and redeem (when redeemable) and discharge such series of Bonds or Parity Obligations at or before their respective maturity dates, and

(iii) financing the cost or estimated cost of completing the Project or of acquiring, equipping and/or constructing additional improvements to the Project,

and, in each case, obtaining additional funds to pay the costs to be incurred in connection with such Additional Bonds, to establish reserves with respect thereto and to pay interest during the estimated construction period of completing the additional improvements, if any.

Prior to the issuance of Additional Bonds there shall be filed with the Trustee:

(a) A supplement to the Indenture executed by the Issuer and the Trustee providing for the issuance of the Additional Bonds, specifying the terms thereof, pledging and assigning an additional note (the "Additional Note") (the Initial Note and any Additional Note being collectively referred to herein as the "Notes") to be purchased with the proceeds of such Additional Bonds as security therefore, and providing for the disposition of the proceeds of the sale of the Additional Bonds.

(b) A supplement to the Loan Agreement and any instruments, documents, certificates and opinions required in connection therewith.

(c) An Additional Note which will be purchased with the proceeds of the Additional Bonds, made payable to the order of the Issuer, duly executed by the Company and endorsed by the Issuer to the order of the Trustee.

(d) A certified copy of the ordinance adopted and approved by the Issuer, authorizing the execution and delivery of the supplemental indenture, the supplement to the Loan Agreement and the issuance of the Additional Bonds.

(e) A written request of the Issuer to the Trustee to authenticate and deliver the Additional Bonds.

(f) An agreement of the Bank to extend the payments on the Letter of Credit to include the proposed Additional Bonds in the same manner the Original Bonds are covered by the Letter of Credit.

Prior to the issuance of any Parity Obligation, there shall be filed with the Trustee:

(a) The Parity Instruments executed by the Company and the purchaser or purchasers of such Parity Obligations or a trustee acting for the benefit of such purchaser or purchasers.

(b) Such instruments, documents, opinions and certificates required by the Loan Agreement, including an agreement of the Bank to extend the Letter of Credit to include payment of the Parity Obligations.

THE TRUST INDENTURE

The following is a summary of certain provisions of the Indenture. Reference is made to the Indenture for a complete recital of its terms.

Security and Pledge

The Bonds are not general obligations of the Issuer but limited obligations and are not payable in any manner by taxation.

The Bonds will be secured by a pledge pursuant to the Indenture of the Issuer's rights under the Notes and the Loan Agreement, including the money and revenue derived by the Issuer therefrom. Pursuant to the Loan Agreement, the Company has granted a first mortgage lien on and security interest in the Mortgaged Property, subject to Permitted Encumbrances. The Mortgaged Property consists of the mortgaged real estate and equipment and personal property located on the Project Site, but does not include the Project Site or the improvements thereon even though the improvements contemplated consist of the building and fixtures which comprise part of the Project. Pursuant to the Indenture the Issuer has assigned the mortgage and security interest described in the preceding sentence to the Trustee as security for the Bonds.

Description of Funds

The Indenture provides for the creation of certain trust funds or accounts into which the proceeds from the sale of the Original Bonds and payments made by the Company under the Initial Note and Loan Agreement are to be deposited. These trust funds or accounts include a Bond Fund and Construction Fund and are described below.

The Bond Fund. The Bond Fund, into which the monthly payments made pursuant to the Loan Agreement and the Notes, all accrued interest received at the time of the time of issuance and delivery of the Bonds, and certain other amounts specified in the Indenture will be deposited, will be maintained with the Trustee. Moneys in the Bond Fund shall be used solely for the payment of the principal of, premium, if any, and interest on the Bonds, for the redemption of Bonds prior to maturity, for the purchase of Bonds in the open market for purposes of cancellation, for the payment of the reasonable and necessary fees and expenses of Trustee and any paying agent, and for any fees and expenses of Issuer or the Commission caused by any default of the Company pursuant to Article VII of the Loan Agreement (see the caption "The Loan Agreement and the Notes--Defaults" herein). Whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all unpaid Bonds and to pay the premium and interest to accrue thereon prior to redemption, the Trustee agrees to take or cause to be taken the necessary

steps to redeem the Bonds on the earliest possible redemption date for which the required notice may be given. However, any moneys in the Bond Fund may be used to redeem a part of the Bonds if the Company is not in default with respect to any payments under the Agreement and the Notes, but only to the extent said moneys are in excess of the amount required for payment of the Bonds theretofore called for redemption, the premium thereon, if any, and past due interest in all cases when such Bonds or coupons have not been presented for payment.

Construction Fund. The proceeds from the sale of the Original Bonds, after deducting the accrued interest to be deposited in the Bond Fund, will be deposited in the Construction Fund. Moneys deposited in the Construction Fund shall be applied to the payment of the Costs of Construction or for the costs of issuing the Original Bonds, in accordance with the Indenture.

The Company must provide the Trustee and the Issuer with monthly progress reports on the construction of the Project and, in due course, with a completion certificate stating, among other things, that the cost of construction and equipping of the Project are fully paid. If there are any surplus moneys remaining in the Construction Fund after the Project has been completed, such moneys must be paid into the Bond Fund.

Investments

All moneys in the Construction Fund and the Bond Fund may, at the written direction of the Company, be invested in Qualified Investments. The income from investments of moneys in any such Funds shall be deposited in or credited to the Fund from which such investment was made. The Trustee is authorized to trade with itself in the purchase and sale of securities for such investments.

The Issuer and the Trustee covenant in the Indenture that they will not, and will not cause the Company to, make any investment or do any other act or thing during the period that any Bonds are outstanding under the Indenture which would cause the Bonds to become or be classified as "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations or rulings thereunder now or hereafter proposed or published or as promulgated in final form.

Defaults and Remedies

Events of Default. The Indenture provides that any of the following events shall constitute an event of default:

(i) failure to pay any installment of interest on any of the Bonds when the same is due and payable; or

(ii) failure to pay principal of, or the redemption premium, if any, of any of the Bonds when the same is due and payable, either at maturity or by proceedings for redemption or otherwise; or

(iii) any "event of default" as defined in the Loan Agreement which shall occur and be continuing and which shall not have been waived by the Bank (see the caption "THE LOAN AGREEMENT-Events of Default and Remedies on Default"); or

(iv) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture or in any agreement supplemental thereto on the part of the Issuer to be performed, and such default shall continue for thirty days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer, the Bank and the Company by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, which default has not been waived by the Bank.

Remedies. Upon the occurrence of an event of default, the Trustee shall, by notice in writing delivered to the Issuer and the Company, enforce its full remedies under the Letter of Credit and shall declare the entire principal amount of the Bonds then outstanding and the interest accrued thereon, due and payable, and the entire principal and interest shall thereupon become and be due and payable fifteen days after such notice. In such event, the Trustee shall simultaneously publish notice of its pursuing the enforcement of the Letter of Credit and that the Bonds will be paid on the date fifteen days following the declaration of the default.

In the event the honoring of the Letter of Credit has failed to fully pay the outstanding Bonds and Parity Obligations, the Trustee may also pursue any available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, to enforce any obligations of the Issuer under the Indenture, or to enforce its rights and remedies under the Letter of Credit. If any event of default under the Indenture shall have occurred, and if requested so to do by the holders of 25% in aggregate principal amount of the Bonds then outstanding, and having been indemnified as provided in the Indenture, the Trustee shall be obliged to exercise such one or more of its rights and powers under the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

The Trustee may in its discretion waive any event of default under the Indenture and its consequences and rescind any declaration of the maturity of principal of and interest on the Bonds, and shall with the consent of the Bank do so upon the written request of the holders of (1) a majority in aggregate principal amount of all Bonds then outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists, or (2) a majority in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or (b) any default in the payment when due of the interest on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on over-due installments of interest or all arrears of payments of principal and premium, if any, when due, and all expenses of the Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any rights consequent thereon.

Supplements to the Indenture

The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture, as shall not be inconsistent with the terms and provisions thereof, for any one or more of the following purposes: (a) to provide for the issuance of Additional Bonds; (b) to cure any ambiguity or formal defect or omission in the Indenture; (c) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them; (d) to subject to the Indenture additional revenue, properties or collateral, and (e) to make any other change which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

Exclusive of supplemental indentures for the purposes described in the preceding paragraph, subject to the terms and provisions of the Indenture, the holders of not less than 51%

in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that such modification or amendment shall not permit or be construed as permitting (i) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the holder of such Bond, or (ii) a reduction in the amount or extension of the time of any payment required by any sinking fund applicable to any Bonds without the consent of all of the holders of all of the Bonds which would be affected by the action to be taken, or (iii) the creation of any lien prior to or on a parity (except Parity Obligations) with the lien of the Indenture, without the consent of the holders of all the Bonds at the time outstanding, or (iv) a reduction in the aforesaid aggregate principal amount of the Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (v) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

The Indenture provides that if the Company is not in default under the Loan Agreement or the Notes, any supplemental indenture which affects any rights of the Company, except any amendments required because of the Bank's waiver of an event of default, shall not become effective unless and until the Company shall have consented to the execution and delivery of such supplemental indenture.

The Indenture also provides that the Company, the Trustee and the Issuer shall not consent to or enter into any amendment, modification, or supplement to the Indenture which adversely affects the Letter of Credit or the Trustee's ability to make presentation of the documents necessary to require the Bank to honor the Letter of Credit.

Amendments to the Loan Agreement

The Issuer and the Company, with the consent of the Trustee and the Bank, may, without the consent of or notice to the Bondholders, enter into any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement and the Indenture, including particularly amendments to the Loan Agreement relating to the issuance of Additional Notes and Parity Obligations, (ii) for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

Except for amendments, changes or modifications as described in the preceding paragraph, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding.

Under no circumstances shall any amendment to the Loan Agreement alter the Notes or the payments of principal and interst thereon, without the consent of the holders of all the Bonds at the time outstanding.

The Indenture also provides that the Company, the Trustee and the Issuer shall not consent to or enter into any amendment, modification, or supplement to the Indenture which adversely affects the Letter of Credit or the Trustee's ability to make presentation of the documents necessary to require the Bank to honor the Letter of Credit.

Defeasance

If the Issuer shall pay or cause to be paid the principal of, premium, if any, and interest on the Bonds at the times and in the manner stipulated therein and in the Indenture, and shall have paid or caused to be paid all fees and expenses of the Trustee and each paying agent, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the Indenture and the rights thereby granted shall at the direction of the Company, cease, determine and be void, and thereupon the Trustee shall cancel and discharge the lien of the Indenture.

All outstanding Bonds and all interest due thereon shall prior to maturity or redemption date be deemed to have been paid if, under circumstances which do not render interest on the Bonds subject to Federal income taxation there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America, or obligations the timely payment of principal of and interest on which are fully guaranteed by the United States of America, the principal of and the interest on which when due will provide moneys which, together with moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal, premium, if any, or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption dates or maturity dates thereof.

THE LOAN AGREEMENT, MORTGAGE, AND SECURITY AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. Reference is made to the Loan Agreement for a complete recital of its terms.

Term of Loan Agreement and Payments

The Loan Agreement becomes effective as of December 1, 1981, and shall continue in effect until the Company shall pay and discharge or provide, in a manner satisfactory to the Issuer, the Bank, and the Trustee, for the payment and discharge of the whole amount of the principal of and interest on the Notes and Parity Obligations at the time outstanding, and shall pay or cause to be paid all other sums payable under the Loan Agreement, or shall make arrangements satisfactory to the Issuer, the Bank, and the Trustee for such payment and discharge, at which time all property, rights and interest mortgaged, assigned or pledged pursuant to the Loan Agreement shall revert to the Company and the Loan Agreement shall be terminated.

Series 1981 Note Payments. The Company has covenanted and agreed to make the following payments to the Trustee for deposit into the Bond Fund established by the Indenture on the following dates:

The principal sum of $1,500,000 in installments on December 15, 1981, and on the fifteenth day of each month thereafter during the term of the Loan Agreement, a sum which, together with other moneys available therefore in the Bond Fund under the Indenture will equal the sum of one-sixth of (i) the interest which will become due on the Original Bonds (as hereinafter defined) on the next succeeding June 1 or December 1 and one-sixth of (ii) the principal amount of the Original Bonds which will become due at maturity or by any mandatory sinking fund redemption on the next succeeding June 1 or December 1.

The Notes and Credits Thereto. The payments required to be made by the Company pursuant to the Notes are equal in amount to the principal, premium, if any, and interest payable on the Bonds. In addition to any credits on the Notes resulting from the payment or prepayment thereof from other sources, the Loan Agreement provides that:

(i) any moneys deposited by the Trustee in the Bond Fund shall be credited against the obligation of the Company to pay the principal of the Notes as the same becomes due;

(ii) the principal amount of Bonds (accompanied by, in the case of coupon Bonds, all appurtenant unmatured coupons) acquired by the Company and delivered to the

Trustee, or acquired by the Trustee and cancelled, shall be credited at face value against the obligation of the Company to pay a like principal amount of the Note evidencing the loan made by the Issuer with the proceeds of the sale of the Bonds of the Series maturing on the maturity date of the Bonds so acquired.

Additional Payments. The Company agrees to pay directly to the Trustee so long as there are Bonds outstanding (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as trustee, rendered and its ordinary expenses incurred under the Indenture, as and when the same becomes due, (ii) the reasonable fees, charges and expenses of the Trustee, as bond registrar and paying agent, and any other paying agent on the Bonds for acting as paying agent as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due; provided, however, that the Company may, without creating a default under the Loan Agreement, contest in good faith the necessity for any such extraordinary services and extraordinary expenses and the reasonableness of any such fees, charges or expenses.

The Company agrees to pay the semi-annual fees of the Bank for the Letter of Credit on or before 15 days in advance of the due date of such fees.

Obligations of Company Unconditional

The Company agrees that its obligations to make payments under the Loan Agreement and on the Notes will be absolute and unconditional and that the Company will not be entitled to any abatement, diminution, set-off, abrogation, waiver or modification thereof nor to any termination of the Loan Agreement by any reason whatsoever, regardless of any rights of set-off, recoupment or counterclaim that the Company might otherwise have against the Issuer or the Trustee or any other parties and regardless of any contingency, act of God, event or cause whatsoever.

Maintenance and Modification of the Mortgaged Property

The Company agrees that it will at its own cost and expense keep the Mortgaged Property and the Project in good repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operations will permit, and will make all necessary repairs thereto and renewals and replacements thereof. The Issuer shall have no obligation to repair or maintain any part of the Mortgaged Property or the Project.

The Company shall have the right from time to time at its sole cost and expense to make additions, alterations and changes in or to the Mortgaged Property, subject, however, in all cases to the following conditions: (a) no building or buildings constituting a part of the Mortgaged Property or the Project shall be demolished or removed nor shall any alteration to such Mortgaged Property or the Project be made which would substantially impair the structural strength, utility or market value thereof, without in each case the prior written consent of the Trustee thereto, and (c) all alterations to the Mortgaged Property or the Project shall be located wholly within the boundary lines of the Mortgaged Real Estate or the Project Site.

Insurance Required

The Company shall keep the Mortgaged Property continuously insured against such risks as are customarily insured against by similar companies, paying as the same become due all premiums in respect thereof, including but not necessarily limited to: (a) fire and extended coverage insurance on the Mortgaged Property including all risks of physical damage, in an amount equal to the lesser of (i) the full insurable value of the Mortgaged Property, or (ii) the optional redemption price of all Notes and Parity Obligations outstanding, but with a deductible amount of not more than $50,000; (b) comprehensive general accident and public liability insurance providing coverage limits of not less than the coverage limits customarily carried by companies similarly situated; and (c) appropriate workmen's compensation insurance.

Any of the foregoing insurance maintained by the Company may be evidenced by one or more blanket insurance policies covering the Mortgaged Property and other property or assets of the Company, provided that any such policy shall specify that portion of the total coverage of such policy that is allocated to such Mortgaged Property and shall in all other respects comply with the Loan Agreement.

Each policy of insurance obtained pursuant hereto shall (i) be issued by one or more recognized, financially sound and responsible insurance companies qualified or authorized under the laws of the State of Indiana to assume the risks covered by such policy, (ii) name the Trustee, the Company and the Issuer as assureds, as their respective interests may appear, and (iii) provide that such policy shall not be cancelled without at least 10 days prior written notice to each assured named therein. With respect to the insurance required by subsection (a) above, the policy or policies shall provide that whenever

the Net Proceeds resulting from a claim exceed $50,000, such Net Proceeds shall be payable to the Trustee, and if such Net Proceeds are equal to or less than $50,000, such Net Proceeds shall be payable directly to the Company. As to the insurance required by subsections (b) and (c) above, the Net Proceeds shall be payable directly to the Company.

Taxes, Charges and Assessments

The Company covenants and agrees that, subject to the provision for permitted contests under the Loan Agreement, to pay or cause to be paid (when the same shall become due or payable) (a) all taxes and charges on account of the ownership, use, occupancy or operation of the Mortgaged Property including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric light, power or other utility charges assessed or charged on or against the Mortgaged Property or on account of the Company's use or occupancy thereof or the activities conducted thereon or therein, and (b) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed upon all or any part of the Mortgaged Property, or in the interest of the Company in and to the Mortgaged Property.

The Company shall not be required to pay any tax, charge or assessment required to be paid under the Loan Agreement, so long as the Company shall in good faith, and at its cost and expense, contest the amount or validity thereof, or take other appropriate action with respect thereto in an appropriate manner or by appropriate proceedings which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, charge or assessment so contested, or the sale, forfeiture or loss of the Mortgaged Property or any part thereof to satisfy the same; provided, that no such contest or action shall subject the Issuer or the Trustee to any liability unless the Company properly indemnifies the Issuer or the Trustee, as the case may be. While any such matters are pending, the Company shall have the right to pay, remove or cause to be discharged the tax, charge or assessment being contested. Each such contest shall be promptly prosecuted to final conclusion or settlement, and the Company will pay, and save the Issuer and Trustee harmless against, all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) and will, promptly after the final determination or settlement of such contest or action, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable thereon, together with all penalties, fines, interest, costs and expenses thereon or in connection therewith.

Damage and Condemnation

In the event that the Mortgaged Property or the Project is damaged or destroyed by fire or other casualty or condemned or taken for a public or quasi public use and any such such damage or condemnation is estimated to not exceed $50,000, the Company will forthwith repair, reconstruct, restore or replace such Mortgaged Property or the Project to substantially the same condition as it existed prior to the event causing such damage or condemnation or to a condition of at least equal utility and value and will apply the Net Proceeds of any insurance or condemnation award relating to such damage or condemnation received by the Company to the payment or reimbursement of the costs of such repair, reconstruction, restoration or replacement.

In the event any such damage or condemnation shall be estimated to exceed $50,000 in amount and the Company shall within 90 days after the receipt of the Net Proceeds of any insurance or condemnation award not elect to prepay the Notes in whole or in part from the Net Proceeds of any insurance award and redeem the Bonds in whole or in part (see the caption "THE ORIGINAL BONDS-Redemption-Extraordinary Redemption"), the Company shall repair, reconstruct, replace or restore such Mortgaged Property or the Project. In such event, the Company shall proceed forthwith to repair, reconstruct and restore such Mortgaged Property to substantially the same condition as it existed prior to the event causing such damage, or condemnation or to a condition of at least equal utility and value, or to replace the same, and will apply the Net Proceeds of any insurance or condemnation award relating to such damage, destruction or condemnation received by the Company to the payment or reimbursement of the costs of such repair, reconstruction, restoration, or replacement.

Title Insurance

Concurrently with the issuance of the Original Bonds, the Company shall deliver to the Trustee an ALTA policy or commitment of mortgagee title insurance in the amount of $1,500,000 and insuring that the Trustee has a first mortgage lien on the Mortgaged Property, subject only to the exceptions to title specifically set forth in the Loan Agreement and to other Permitted Encumbrances, if any, as defined in the Loan Agreement.

Indemnity

The Company agrees that it will pay, and will protect, indemnify and save the Issuer and the Trustee harmless from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses of the Issuer and the Trustee), causes of action, suits, claims, demands and judgments of any nature arising from (a) any injury to or death of any person or damage to property in or upon the Mortgaged Property or the Project, or resulting from or connected with the use, nonuse, condition or occupancy of the Mortgaged Property or the Project or a part thereof, (b) violation of any agreement or condition of the Loan Agreement or the Indenture, except by the Issuer or the Trustee, (c) violation of any contract, agreement or restriction by the Company relating to the Mortgaged Property or the Project, (d) violation of any law, ordinance or regulation arising out of the ownership, occupancy or use of the Mortgaged Property or the Project or a part thereof, (e) the construction or acquisition of the Project or the failure to acquire or construct the Project, and (f) any statement or information concerning the Company, its directors, officers and members or the Mortgaged Property or the Project, contained in any official statement or prospectus furnished to purchasers of any Bonds, that is untrue or incorrect in any material respect, and any omission from any such official statement or prospectus of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make the statements therein concerning the Company, its directors, officers and members or the Mortgaged Property or the Project not misleading in any material respect.

Miscellaneous Covenants

The Company further agrees that it will not act in any manner which would adversely affect the exemption from Federal income taxes of the interest on the Bonds.

The Company agrees to keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Company and will furnish to the Issuer, the Trustee and to any holder or holders of $50,000 or more in aggregate principal amount of Bonds who shall request the same in writing (a) within 90 days after the last day of each Fiscal Year of the Company, the financial report of the Company, certified by an independent certified public accountant or firm thereof selected by the Company for such Fiscal Year and containing those financial statements customarily prescribed for companies of a similar type as the Company, including a balance sheet and Income Statement as of the end of such Fiscal

Year, together with a separate written statement of the accountants certifying such report that such accountants have obtained no knowledge of any default by the Company in the fullfillment of any of the terms, covenants, provisions or conditions of the Loan Agreement, or, if such accountants shall have obtained knowledge of any default or defaults and the nature thereof, they shall disclose the same; but such accountants shall not be liable directly or indirectly to anyone for failure to obtain knowledge of any default (b) such additional information as the Trustee or the holder or holders of $50,000 or more in aggregate principal amount of the Bonds may reasonably request concerning the Company in order to enable them to determine whether the covenants, terms and provisions of the Loan Agreement have been complied with by the Company.

Company May Consolidate Only on Certain Terms

The Company shall not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; except, that the Company may consolidate with or merge into another corporation, or permit one or more other such corporations to consolidate with or merge into it, or transfer to another such corporation or corporations all or substantially all of its assets (and thereafter dissolve, or not dissolve as the Company may elect), provided that (i) the liens created by the Indenture and the Mortgage will not in any manner be affected thereby, and (ii) the surviving, resulting or transferee corporation, as the case may be, assumes in writing all of the obligations of the Company under the Loan Agreement and will not be in default of any provisions thereof and is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and exempt from taxation under Section 501(a) of said Code.

Sale, Lease, Substitution, or Removal of Mortgaged Property

The Company may at any time request the Issuer to enter into an amendment to the Mortgage for the purpose of effecting the release from the Mortgage of any portion of the Mortgaged Property which is not necessary to the operating integrity and unity of the Mortgaged Property and the release of which will not adversely affect the ability of the Company to operate and maintain the Mortgaged Property as provided in the Mortgage. The amendment shall not become effective until the following items have been submitted to the Trustee:

(a) A copy of the same amendment;

(b) A resolution of the board of directors of the Company approving said amendment and stating that the Company is not in default under any of the provisions of the Mortgage;

(c) A certificate of an independent engineer acceptable to the Trustee, stating that the part of such Mortgaged Property proposed to be released is not required for the operation of the Mortgaged Property and is not necessary to the operating integrity and unity of the Mortgaged Property, and the release will not destroy the means of ingress thereto and egress therefrom;

(d) Either

(1) the Company may deposit an amount of money equal to the appraised value of such Mortgaged Property in the Bond Fund; or

(2) the Company may, in said amendment, subject to the lien of the Mortgage real property equal in value to the property to be released; and

(e) An opinion of Counsel stating that in his opinion all of the legal requirements necessary for such release have been met.

In addition, the Company may lease the Mortgaged Property in whole or in part, but subject to each of the following conditions:

(a) no lease shall relieve the Company from liability for all payments due under the Mortgage and for the performance of all of the other obligations of the Mortgage, nor

(b) no lease shall cause the interest payable on the Bonds to be subjected to federal income taxes, whether by leasing the Project or any portion thereof to a "non-exempt person" as that term is defined in Section 103(b) of the Internal Revenue Code of 1954, as amended, or any Regulations or Revenue Rulings promulgated thereunder, or for any other reason.

(c) any lessee of all or substantially all of the Mortgaged Property shall expressly assume the obligations of the Company under the Loan Agreement, by instrument delivered to the Issuer and the Trustee;

(d) within thirty (30) days after the delivery of any such lease, the Company shall deliver to the Issuer and to the Trustee a true and complete copy thereof;

(e) no lease of more than 15% of the gross square feet of the Mortgaged Property shall be permitted without the prior consent of the Trustee.

The Company may substitute equipment comprising part of the Mortgaged Property if the equipment so substituted shall be of equivalent value and utility to that replaced. Any such substituted equipment shall become a part of the Mortgaged Property and be included under the terms of the Mortgage. The Company may request the Trustee to release from the lien of the Indenture any equipment comprising part of the Mortgaged Property so long as the Company shall pay into the Bond Fund an amount designated in the Loan Agreement.

Except for Permitted Encumbrances and as otherwise specifically provided in the Loan Agreement, the Company will not sell, lease or transfer or otherwise dispose of all or any part of the Mortgaged Property or of its interest in the Mortgaged Property.

Events of Default and Remedies on Default

The occurrence and continuance of any of the following events shall constitute an event of default under the Loan Agreement:

(a) failure of the Company to pay any installment of interest or principal, or any premium, on the Notes or Parity Obligations when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise and the continuance thereof for 15 days; or failure of the Company to make any payment to the Trustee described under the caption "THE LOAN AGREEMENT-Term of Loan Agreement and Payments-Loan Agreement Payments" or

(b) the amendment, modification or termination of the Letter of Credit in violation of the terms of the Loan Agreement; or

(c) failure of the Company to perform any other covenant, condition or provision of the Loan Agreement or Parity Instrument and to remedy such default within 60 days after notice thereof from the Trustee to the Company unless the nature of the default is such that it cannot be remedied within the 60-day period and the Company institutes corrective action within said period and diligently pursues such action until the default is remedied; or

(d) if any representation or warranty made by the Company in any statement or certificate furnished to the Issuer or the Trustee or the purchaser of any Bonds or Parity Obligations in connection with the sale of any Bonds or Parity Obligations or furnished by the Company pursuant to the Loan Agreement proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 60 days after notice thereof to the Company by the Trustee; or

(e) any judgment, writ or warrant of attachment or any similar process in an amount in excess of $50,000 shall be entered or filed against the Company or against any of its property and remains unvacated, unbonded, unstayed or uncontested in good faith for a period of 60 days after notice to Company; or

(f) certain events of receivership, dissolution or reorganization involving the Company as specified in the Loan Agreement; or

(g) a default under the Letter of Credit.

During the occurrence and continuance of any event of default under the Loan Agreement, the Trustee shall have the following rights and remedies, in addition to any other remedies in the Loan Agreement or by law provided:

(a) The Trustee shall, by written notice to the Company and the Bank, pursue all of its rights and remedies under the Letter of Credit, and shall declare the principal of the Notes (if not then due and payable) and the interest accrued thereon to be due and payable fifteen days after such default has been declared, and upon any such declaration the principal of the Notes together with all accrued interest shall become and be due and payable fifteen days after such default has been declared, anything in the Notes or in the Loan Agreement contained to the contrary notwithstanding.

(b) In the event the honoring of the Letter of Credit by the Bank has not fully paid the outstanding Bonds and Parity Obligations, the Trustee, personally or by its agents, may enter into and upon all or any part of the

Mortgaged Property or the Project Site and each and every part thereof, and may exclude the Company, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property for any lawful purpose and upon every such entry, the Trustee at the expense of the Company from time to time, either by purchase, repair or construction, may maintain and resotre the Mortgaged Property whereof it shall become possessed as aforesaid, and may insure and reinsure the same as may seem to it to be judicious; and likewise, from time to time at the expense of the Company, the Trustee may make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and the Trustee shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the same and every part thereof.

(c) In the event the honoring of the Letter of Credit by the Bank has not fully paid the outstanding Bonds and Parity Obligations, the Trustee, with or without entry, personally or by attorney, may in its discretion proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for specific performance of any covenant or agreement contained in the Notes or in the Loan Agreement, or in aid of the execution of any power therein granted, or for any foreclosure thereunder; provided, however, that all costs incurred by the Trustee or the Issuer shall be paid to the Trustee by the Company on demand.

During occurrence and continuance of an event of default and in the event the honoring of the Letter of Credit by the Bank has not fully paid the outstanding Bonds and Parity Obligations, the Trustee in its discretion may, as permitted by law, with or without entry, personally or by attorney, sell to the highest bidder all or any part of the Mortgaged Property and all right, title, interest, claim and demand therein, and the right of redemption thereof, in one lot as an entirety, or in separate lots, as the Trustee may elect, and in one sale or in any number of separate sales held at one time or any number of times, which such sale or lease shall be made at public auction at such place in the county in which the Mortgaged Property to be sold is situated and at such time and upon such terms as may be fixed by the Trustee and briefly specified in the notice of such sale or sales. Any sale by the Trustee may nevertheless, at its option, be made at such other place or places, and in such other manner, as may now or hereafter be authorized by law. In the event of any sale of the Mortgaged Property, the principal of the Notes, if not previously due, immediately

thereupon shall become due and payable, anything in the Notes or in the Loan Agreement to the contrary notwithstanding.

The Company further covenants during the continuance of an event of default unless the same shall have been waived, the Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the principal of the Notes and Parity Obligations to be due and payable, or (ii) after declaring the same to be due and payable, or (iii) upon the filing of an action to foreclose the Mortgage or to enforce the specific performance thereon or upon the commencement of any judicial proceeding to enforce any right of the Trustee, to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof, with such powers as the court making such appointment shall confer. The Company, if requested so to do by the Trustee, will consent to the appointment of any such receiver.

No remedy conferred upon or reserved to the Trustee under the Loan Agreement is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given thereunder or now or hereafter existing at law or in equity or by statute.

The Issuer and the Trustee are entitled to reimbursement of two per cent (2%) over the prime commercial lending rate publicly announced by the Trustee on such advances, incurred or made in pursuing any remedies upon the occurrence of an event of default. Such reimbursement shall be made out of any moneys collected or received and before the remainder shall be applied in accordance with the provisions of the Loan Agreement.

Amendments, Changes and Modifications

Subsequent to the issuance of the Bonds and prior to payment in full or provision for such payment in accordance with the provisions of the Indenture, the Loan Agreement shall not be amended, supplemented, altered or terminated except as provided in the Indenture. See the caption "THE INDENTURE-Amendments to Loan Agreement."

THE IRREVOCABLE LETTER OF CREDIT AND CREDIT AGREEMENT

The Irrevocable Letter of Credit is an irrevocable obligation of Fort Wayne National Bank (not in its capacity as Trustee) to pay to the Trustee, upon request made in accordance with the terms thereof, up to $1,646,562.50 to pay the full principal amount of the original Bonds, 6-½ months' accrued interest thereon, plus a maximum premium equal to Three Percent (3%) of the principal amount thereof. The

amount available to be drawn under the Irrevocable Letter of Credit shall be reduced during the term thereof by the reduction in the principal amount due on the Bonds, and the corresponding reduction in accrued interest and premium thereon. The Irrevocable Letter of Credit shall terminate upon the close of the Bank's business day on December 15, 1993.

The Irrevocable Letter of Credit is subject to the terms of a Credit Agreement to be executed by the Company and the Bank as a condition of the issuance of the Irrevocable Letter of Credit. The Credit Agreement provides that for so long as the Irrevocable Letter of Credit is issued and outstanding, the Company shall pay a semi-annual fee, calculated semi-annually, at the rate of One-Half of One Percent (½%) of the maximum amount then available to be drawn under the Irrevocable Letter of Credit.

The Irrevocable Letter of Credit also requires the Trustee to assign and deliver to the Bank, at the time of payments to the Trustee thereunder, all the Trustee's rights and interest in the Note, and the Loan Agreement. The foregoing assignments shall operate to give the Bank (not in its capacity as Trustee) a security interest in the Series 1981 Note and a mortgage on and security interest in the Mortgaged Property.

TAX EXEMPTION

In the opinion of Ice Miller Donadio & Ryan, Bond Counsel, interest on the Original Bonds is exempt from Federal income taxation under existing laws, regulations, judicial decisions and rulings. The Original Bonds and the income therefrom are exempt from all taxation in the State of Indiana except for inheritance taxes.

UNDERWRITING

Headford & Company, Incorporated (the "Underwriter") has agreed, subject to the terms and provisions of the Bond Purchase Agreement by and among the Issure, The Company and the Underwriter, to purchase all of the Bonds from the Issuer, and at a net price of Ninety-Four Percent (94%) of par.

The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions set forth in the Bond Purchase Agreement, but all of the Bonds offered hereby must be purchased by the Underwriter.

The Company has agreed to indemnify the Underwriter against certain liabilities, including liabilities under certain provisions of the Federal securities laws.

EXPERTS

The financial statements of the Company included in the Appendix to this Official Statement for the periods indicated in their report have been examined by Baden, Conrad, Gage & Schroeder, independent accountants, whose report thereon appears in the Appendix, and have been so included in reliance upon the report of Baden, Conrad, Gage & Schroeder given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Fort Wayne National Bank and subsidiaries included in the Appendix to this Official Statement have been examined by Ernst & Whinney, independent accountants, whose report thereon appears in the Appendix, and have been so included in reliance upon the report of Ernst & Whinney given upon their authority as experts in accounting and auditing.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the bonds and with regard to the tax exempt status thereof at the time of their original delivery to the Underwriter are subject to the approving opinion of Ice Miller Donadio & Ryan, Bond Counsel. Copies of such opinion will be available at the time of deliveries of the bonds. Neither Ice Miller Donadio & Ryan, nor Grotrial & Boxberger, on behalf of the Issuer, have been engaged to, nor have they investigated or examined the facts, figures or financial statements or other representations contained herein under the captions "The Project," "Schedule of Debt Service," or "Use of Proceeds" or contained in the Appendix hereto, and are not expressing an opinion as to whether the information herein or the appendix hereto contain any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein made not misleading. Certain legal matters are being passed upon for Lutheran Homes, Inc., by Helmke, Beams, Boyer & Wagner, Fort Wayne, Indiana, for the Issuer and for the Commission by Grotrian & Boxberger, Fort Wayne, Indiana, for Fort Wayne National Bank by Barrett, Barrett & McNagny, Fort Wayne, Indiana, and for the Underwriter by Shoaff, Parker & Keegan, Fort Wayne, Indiana.

MISCELLANEOUS

All information contained in the Appendix to this Official Statement regarding Lutheran Homes, Inc., as well as the information included under "The Project" and "Use of Proceeds," has been supplied by Lutheran Homes, Inc., and the Issuer has not investigated or examined the facts, figures, or financial statements, or other representations contained therein, nor does the Issuer accept any responsibility or liability for the contents thereof.

All information contained in "Schedule of Debt Service" has been supplied by Fort Wayne National Bank and Waterfield Mortgage Company.

All information contained in the Appendix to this Official Statement regarding Fort Wayne National Bank and subsidiaries has been supplied by Fort Wayne National Bank.

The Irrevocable Letter of Credit is being issued by Fort Wayne National Bank, not in its capacity as Trustee, and the Trustee may be limited in the exercise of its rights thereunder, as if the Irrevocable Letter of Credit were issued by an unrelated banking institution.

Waterfield Mortgage Company will be compensated by the Underwriter for assistance in obtaining information used in this Official Statement.

The execution of this Official Statement has been duly authorized by the Issuer.

THE CITY OF FORT WAYNE, INDIANA

Attest: Charles W. Westerman
Clerk

By Win Moses Jr
Mayor

LUTHERAN HOMES, INC.

By D E Schmidt
President

APPENDIX

The following information was provided by Lutheran Homes, Inc. and Fort Wayne National Bank.

TABLE OF CONTENTS

Selected Financial Information for Lutheran Homes, Inc. A-1

Selected Financial Information for Fort Wayne National Bank and subsidiaries A-19

(Material appearing in this Appendix has been renumbered to conform with the pagination of the Official Statement)

LUTHERAN HOMES, INC.

FORT WAYNE, INDIANA

Audit Report
as at August 31, 1981

LUTHERAN HOMES, INC.

INDEX

Audit Report
August 31, 1981

	PAGE
Auditors' Report	A-3
Balance Sheet	A-4
Operating Fund - Statement of Net Earnings	A-6
Statement of Principal	A-7
Notes to Financial Statements	A-8
Supplementary Information:	
Auditors' Report on Supplementary Financial Information	A-11
Schedule of Changes in Property, Plant and Equipment and Accumulated Depreciation	A-12
Schedule of Investments	A-14
Operating Fund - Schedule of Operating Expenses	A-15
Operating Fund - Schedule of General and Administrative Expenses	A-16
Annuity Fund - Schedule of Composition of Principal	A-17

BADEN, CONRAD, GAGE & SCHROEDER
Certified Public Accountants

RONALD E. BADEN
ARNOLD L. CONRAD
FRED H. GAGE
PERRY W. SCHROEDER
JEAN E. LIPTON
VICTOR A. SEEWALD

ROBERT E. MARTIN
ROGER W. SIPE

EDWARD H. KOCHEMAN
CONSULTANT

400 METRO BUILDING
202 W. BERRY STREET
FORT WAYNE, INDIANA 46802
AREA CODE 219 422 2551

KENDALLVILLE OFFICE
212 S. MAIN STREET
46755
219 347 0475

September 16, 1981

Board of Directors
Lutheran Homes, Inc.
Fort Wayne, Indiana

AUDITORS' REPORT

We have examined the balance sheets of Lutheran Homes, Inc., Fort Wayne, Indiana, as of August 31, 1981 and 1980, and the related statements of net earnings (Operating Fund) and principal for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Lutheran Homes, Inc., Fort Wayne, Indiana, as at August 31, 1981 and 1980, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Baden, Conrad, Gage & Schroeder
BADEN, CONRAD, GAGE & SCHROEDER

PERMISSION TO PUBLISH EXCERPTS FROM THIS REPORT OR REFERENCES THERETO, WITH MENTION OF OUR NAME, IS WITHHELD UNTIL THE FORM AND SUBSTANCE OF SUCH EXCERPTS OR REFERENCES ARE APPROVED BY US

LUTHERAN HOMES, INC.

Balance Sheet
August 31, 1981 and 1980

ASSETS	1981	1980
OPERATING FUND:		
Assets:		
Cash	$ 158,884	$ 50,575
Accounts receivable (Note 2)	108,053	68,464
Accrued interest receivable	32,810	-
Inventories	85,232	77,452
Prepaid insurance	34,702	36,442
Property, plant and equipment (pages 10-11)	6,890,563	7,106,443
Investments (page 12) (market value $3,141)	2,901	2,901
Total Assets	7,313,145	7,342,277
ANNUITY FUND:		
Assets:		
Advances - Operating Fund	175,833	174,833
Total Assets	175,833	174,833
TRUST FUND:		
Assets:		
Investments (page 12) (market value $1,416,035)	1,416,035	1,379,028
Advances - Operating Fund	2,249,376	2,210,982
Total Assets	3,665,411	3,590,010
TOTAL ASSETS - ALL FUNDS (1)	$8,729,180	$8,721,306
LIABILITIES AND PRINCIPAL		
OPERATING FUND:		
Liabilities:		
Notes payable (Note 4)	$ 54,100	$ 56,100
Mortgages payable (Note 5)	1,228,441	1,336,210
Advances - Annuity Fund	175,833	174,833
Advances - Trust Fund	2,249,376	2,210,982
Accounts payable	5,098	12,402
Accrued salaries and wages	177,414	137,900
Accrued interest payable	11,194	12,423
Unemployment insurance reserve	25,000	25,000
Total Liabilities	3,926,456	3,965,850
Principal	3,386,689	3,376,427
Total Liabilities and Principal	7,313,145	7,342,227

(Continued)

LUTHERAN HOMES, INC.

Balance Sheet (Continued)
August 31, 1981 and 1980

LIABILITIES AND PRINCIPAL	1981	1980
ANNUITY FUND:		
Principal:		
Restricted principal	55,150	56,150
Unrestricted principal	120,683	118,683
Total Principal	175,833	174,833
TRUST FUND:		
Liabilities:		
Advance deposits - residents . . .	3,653,152	3,576,344
Chapel collections - residents . .	8,226	9,633
Total Liabilities	3,661,378	3,585,977
Principal	4,033	4,033
Total Liabilities and Principal	3,665,411	3,590,010
TOTAL LIABILITIES AND PRINCIPAL - ALL FUNDS (1)	$8,729,180	$8,721,306

(1) After elimination of inter-fund balances.

See Notes to Financial Statements.

LUTHERAN HOMES, INC.

Operating Fund
Statement of Net Earnings
for the years ended August 31, 1981 and 1980

	1981	1980	Increase (Decrease)
OPERATING INCOME:			
Routine services	$3,811,563	$3,458,728	$352,835
Special services	182,485	170,942	11,543
Meals and miscellaneous	23,470	19,861	3,609
Investment income	191,985	129,906	62,079
Loss from sale of securities	(80,546)	-	(80,546)
Total Operating Income	4,128,957	3,779,437	349,520
EXPENSES:			
Operating expenses (page 13)	3,786,810	3,563,434	223,376
General and administrative expenses (page 14)	409,005	373,311	35,694
Total Expenses	4,195,815	3,936,745	259,070
OPERATING INCOME (LOSS)	(66,858)	(157,308)	90,450
OTHER INCOME:			
Bequests	29,877	29,729	148
Charitable gifts	33,281	29,859	3,422
Charitable gifts	13,962	19,213	(5,251)
Total Other Income	77,120	78,801	(1,681)
EXCESS (DEFICIT) OF INCOME OVER EXPENSES BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPAL	10,262	(78,507)	88,769
CUMULATIVE EFFECT ON PRIOR YEARS OF A CHANGE IN ACCOUNTING PRINCIPAL (Note 8)	-	(38,270)	38,270
NET EARNINGS (LOSS)	$ 10,262	$ (116,777)	$127,039

See Notes to Financial Statements.

LUTHERAN HOMES, INC.

Statement of Principal
for the years ended August 31, 1981 and 1980

	Operating Fund	Annuity Fund	Trust Fund	Total
BALANCES, September 1, 1979 . .	$3,493,204	$170,333	$4,033	$3,668,070
ADDITIONS:				
Net earnings (loss) (page 4) . .	(116,777)	-	-	(116,777)
Annuity Fund receipts . . .	-	4,000	-	4,000
BALANCES, AUGUST 31, 1980	3,376,427	174,833	4,033	3,555,293
ADDITIONS:				
Net earnings (page 4) . . .	10,262	-	-	10,262
Annuity Fund receipts . . .	-	1,000	-	1,000
BALANCES, AUGUST 31, 1981	$3,386,689	$175,833	$4,033	$3,566,555

See Notes to Financial Statements.

LUTHERAN HOMES, INC.

Notes to Financial Statements
August 31, 1981 and 1980

Note 1. Significant Accounting Policies

(a) Income and expenses are recorded on the accrual basis of accounting.

(b) Inventories of food, drugs and supplies are priced at the lower of (first-in, first-out) cost or current market value.

(c) Property, plant and equipment is shown at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated asset lives as follows:

	Estimated Asset Lives
Buildings	10 to 40 years
Furniture and equipment	5 to 20 years
Office equipment	5 to 14 years

(d) Lutheran Homes, Inc. is a non-profit charitable organization, therefore, no federal tax expense or liability is reflected in the statements.

(e) Marketable securities are carried at original cost, not current market value.

Note 2. Accounts Receivable

The accounts receivable balance as of August 31, 1981 and 1980 is composed of the following:

	1981	1980
Accounts receivable - Fort Wayne	$ 87,562	$61,023
Accounts receivable - Kendallville	37,491	24,441
	125,053	85,464
Less: Provision for doubtful accounts	17,000	17,000
	$108,053	$68,464

Accounts totaling $9,459 and $6,230 were written off as being uncollectible during the years ended August 31, 1981 and 1980, respectively.

Note 3. Inventories

Inventories as of August 31, 1981 and 1980 were as follows:

	1981	1980
Food and food supplies	$13,318	$14,322
Drugs and medical supplies	57,596	47,429
Other supplies	14,318	15,701
	$85,232	$77,452

Note 4. Notes Payable

The notes payable balance of $54,100 (1980 - $56,100) is composed of numerous demand notes payable to individuals. These notes bear interest at the rate of 5 1/2% per annum.

Note 5. Mortgages Payable

Lotheran Homes, Inc. is indebted on mortgages payable as follows:

	Rate	Due Monthly	8-31-81 Balance	8-31-80 Balance
Fort Wayne Property:				
Lincoln National Bank	7 3/4%	$ 2,824	$ 162,180	$ 182,629
Fort Wayne National Bank	7 3/4%	2,824	151,932	173,143
Lincoln National Bank (Concord Village)	9 1/4%	5,495	432,201	456,913
Fort Wayne National Bank (Concord Village)	9 1/4%	5,495	432,201	456,913
Kendallville Property:				
Lincoln National Bank	6 1/2%	1,188	34,609	46,198
Campbell & Fetter Bank	6 1/2%	523	15,318	20,414
		$18,349	$1,228,441	$1,336,210

Monthly payments due within one year total $220,188. The above mortgages are secored by real estate in Fort Wayne and Kendallville, Indiana.

Note 6. Unemployment Insurance Reserve

Lutheran Homes, Inc. has chosen to be self-insured under the Indiana Employment Security Act. Prior year charges to income of $25,000 in excess of actual claims paid is carried as an unemployment insurance reserve. Actual unemployment claims paid during the years ending August 31, 1981 and 1980 were $8,424 and $11,830, respectively.

Note 7. Pension Plan

As of September 1, 1979, Lutheran Homes, Inc. provided a money purchase pension plan covering substantially all employees. Total pension plan expense for the year ended August 31, 1981 and 1980 was $67,234 and $55,263, respectively.

Note 8. Accounting Change

In accordance with the "Statement of Financial Accounting Standards No. 43," Lutheran Homes has established an accrual for vacation pay and other compensated absences. The charge to income in 1980 of $38,270 is a one-time charge for the effect of the change on prior years. The effect of the change on expenses for years ended August 31, 1981 and 1980 is as follows:

	1981	1980
Operating expenses	$15,739	$10,100
General and administrative expenses	4,231	2,400
	$19,970	$12,500

BADEN, CONRAD, GAGE & SCHROEDER
Certified Public Accountants

MICHAEL E. BADEN
ARNOLD L. CONRAD
FRED H. GAGE
PERRY W. SCHROEDER
JEAN L. IPTON
VICTOR A. SEEWALD

ROBERT E. MARTIN
ROGER W. SIPE

EDWIN H. KOEHLMAN
CONSULTANT

400 METRO BUILDING
202 W. BERRY STREET
FORT WAYNE, INDIANA 46802
AREA CODE 219 422 2551

KENDALLVILLE OFFICE
312 S. MAIN STREET
46755
219 347 0475

September 16, 1981

Board of Directors
Lutheran Homes, Inc.
Fort Wayne, Indiana

In connection with our examination of the financial statements of Lutheran Homes, Inc., Fort Wayne, Indiana, for the years ended August 31, 1981 and 1980, we have reviewed the additional information presented in the following pages which has been taken primarily from accounting and other records of the corporation but which is not, in our opinion, necessary for a fair presentation of its financial position or results of operations. Our examination was intended primarily for the purpose of formulating an opinion on the basic financial statements taken as a whole and was not such as to enable us to express an opinion as to the fairness of all the details of the additional information.

BADEN, CONRAD, GAGE & SCHROEDER

PERMISSION TO PUBLISH EXCERPTS FROM THIS REPORT OR REFERENCES THERETO, WITH MENTION OF OUR NAME, IS WITHHELD UNTIL THE FORM AND SUBSTANCE OF SUCH EXCERPTS OR REFERENCES ARE APPROVED BY US

LUTHERAN HOMES, INC.

Schedule of Changes in Property, Plant and Equipment and Accumulated Depreciation
for the years ended August 31, 1981 and 1980

	Property, Plant and Equipment				Depreciation		Accumulated Depreciation				
	Beginning Balance	Additions	Deductions	Ending Balance	Rates	Method	Beginning Balance	Depreciation Charged	Deductions	Ending Balance	Undepreciated Balance
YEAR ENDED AUGUST 31, 1981:											
Fort Wayne:											
Land	$ 93,074	$ -	$	$ 93,074	-	-	$ -	$ -	$	$ -	$ 93,074
Buildings - Licensed Care	4,487,372	10,161		4,498,533	2 1/2-100	SL	993,172	111,338		1,104,511	3,393,522
Buildings - Concord Village	3,943,435	3,013		3,946,108	2 1/2-30	SL	178,893	73,851		252,932	3,706,368
Furniture and equipment - Licensed Care	381,038	15,881		396,919	7-100	SL	264,399	16,873		281,472	115,407
Furniture and equipment - Concord Village	110,344	-		110,344	3-100	SL	34,324	10,583		44,907	75,437
Office equipment - Licensed Care	37,433	-		37,433	7-200	SL	18,341	1,119		19,460	17,973
Office equipment - Concord Village	1,432	-		1,432	7%	SL	231	110		341	1,091
Totals - Fort Wayne	9,054,128	27,117	-	9,081,245			1,479,303	221,866	-	1,701,069	7,380,176
Brookfield:											
Land	37,739	-		37,739	-	-	-	-		-	37,739
Buildings	956,108	-		956,108	2 1/2-100	SL	429,367	37,158		658,525	497,583
Furniture and equipment	108,398	12,675		121,073	3 1/2-15	SL	68,481	7,229		81,910	53,163
Office equipment	19,236	-		19,236	15	SL	11,111	185		11,296	1,944
Totals - Brookfield	1,122,481	12,675	-	1,135,156			509,019	44,572	-	553,591	581,429
TOTALS - LUTHERAN HOMES, INC	$10,176,609	$39,792	$ -	$10,216,401			$1,987,001	$266,372	$ -	$2,253,316	$8,000,363

(Continued)

LUTHERAN HOMES, INC.

Schedule of Changes in Property, Plant and Equipment and Accumulated Depreciation
for the years ended August 31, 1981 and 1980 (Continued)

	Property, Plant and Equipment				Depreciation		Accumulated Depreciation				Undepreciated
	Beginning Balance	Additions	Deductions	Ending Balance	Rate	Method	Beginning Balance	Charged	Deductions	Ending Balance	Balance
YEAR ENDED AUGUST 31, 1980:											
Fort Wayne											
Land	$ 93,024	$ -	$	$ 93,024	-	-	$ -	$ -	$	$ -	$ 93,024
Buildings - Licensed Care	4,311,143	36,109		4,407,222	2 1/2-100	SL	817,501	115,672		993,113	3,414,089
Buildings - Concord Village	2,960,435	3,090		2,963,525	2 1/2-50	SL	903,913	34,983		938,895	2,024,630
Furniture and equipment - Licensed Care	369,759	13,399		383,058	2 -100	SL	248,301	16,298		264,599	118,459
Furniture and equipment - Concord Village	109,155	1,389		110,544	2 -100	SL	13,116	10,550		24,324	86,220
Office equipment - Licensed Care	32,923	528		33,451	2 -300	SL	16,381	1,330		18,141	15,310
Office equipment - Concord Village	1,653	-		1,653	20	SL	135	186		321	1,401
Totals - Fort Wayne	7,938,190	54,316	-	7,992,496			1,159,995	219,288	-	1,379,283	6,313,213
Bondsville:											
Land	12,219	-		12,219	-	-	-	-		-	12,219
Buildings	931,103	22,605		956,708	2 1/2-100	SL	403,662	36,105		439,767	516,941
Furniture and equipment	107,582	2,916		110,498	2 1/2-50	SL	53,361	2,121		60,481	49,913
Office equipment	19,234	-		19,234	20	SL	12,361	302		12,121	1,663
Totals - Bondsville	1,070,138	25,221	-	1,098,659			413,386	38,529		502,869	595,790
TOTALS - LUTHERAN HOMES, INC.	$9,013,950	$ 79,537	$	$9,093,487			$1,573,381	$257,817	$ -	$1,882,002	$7,208,463

See Auditors' Report on Supplementary Financial Information on page 9

LUTHERAN HOMES, INC.

Schedule of Investments
August 31, 1981

	Shares	Maturity Value	Book Value	Market Value
OPERATING FUND:				
Bonds:				
South Baldwin Industries, Inc. - 4% of 1995 . . .		$1,000	$ 500	$ 500
American Telephone and Telegraph - 4 5/8% of 1994		1,000	630 (1)	630
Stocks:				
Affiliated Fond	100		656	896
Wayne Co-op	8		40 (1)	40
Kendallville School Building Corp.	5		50 (1)	50
Allen County Co-op. . . .	1		25 (1)	25
Savings Certificates:				
Grace Evangelical Lutheran Church, Indianapolis, Ind.			1,000	1,000
TOTAL INVESTMENTS - OPERATING FUNDS			2,901	3,141
TRUST FUND:				
Savings Deposits:				
Fort Wayne National Bank .			11,414	11,414
Campbell & Fetter Bank .			11,399	11,399
Savings Certificates:				
Fort Wayne National Bank .			890,084	890,084
Lincoln National Bank . .			502,058	502,058
Cemetary lots			1,080	1,080
TOTAL INVESTMENTS - TRUST FUND			1,416,035	1,416,035
TOTAL INVESTMENTS - ALL FUNDS			$1,418,936	$1,419,176

(1) Estimated market values

See Auditors' Report on Supplementary Financial Information on page 9.

LUTHERAN HOMES, INC.

Operating Fund
Schedule of Operating Expenses
for the years ended August 31, 1981 and 1980

	1981	1980	Budget 1981	Budget 1980
Salaries and allowance - Chaplain	$ 40,159	$ 38,555	$ 44,000	$ 37,300
Salaries - medical and nursing	1,202,800	1,171,295	1,166,500	1,101,100
Salaries - housekeeping and maintenance	338,256	328,747	361,500	309,860
Salaries - food preparation	340,094	331,312	350,000	295,750
Salaries - pharmacy	30,409	-	19,000	-
Salaries - activities	107,678	-	99,700	-
Medical services	12,592	10,333	13,500	13,500
Other services	13,332	13,459	10,000	9,100
Depreciation	256,272	253,617	266,550	241,800
Drugs and medicine	127,950	123,361	148,000	115,000
Food purchases	402,149	422,618	461,000	451,000
Supplies - chapel	1,284	835	1,500	1,600
Supplies - medical	64,337	49,470	48,700	39,600
Supplies - housekeeping and maintenance	92,783	82,908	91,000	83,500
Supplies - food preparation	34,816	34,921	37,000	36,000
Supplies - laundry	11,898	11,954	11,000	10,500
Supplies - arts and crafts	269	382	450	450
Insurance - general	49,384	47,738	57,000	53,800
Insurance - group	28,403	22,716	27,100	20,900
Repairs and maintenance	101,689	100,322	101,000	94,000
Taxes - payroll	139,702	126,561	122,150	104,650
Miscellaneous expense	710	302	750	1,350
Utilities - fuel and gas	83,000	81,202		
Utilities - electricity	99,774	106,745	248,400	233,300
Utilities - water and sewage	22,642	22,896		
Interest expense	117,194	125,942	120,900	131,600
Employee benefit plan	67,234	55,263	67,850	67,800
	$3,786,810	$3,563,434	$3,874,550	$3,453,460

See Auditors' Report on Supplementary Financial Information on page 9.

LUTHERAN HOMES, INC.

Operating Fund
Schedule of General and Administrative Expenses
for the years ended August 31, 1981 and 1980

			Budget	
	1981	1980	1981	1980
Salaries - administrative	$225,350	$203,853	$231,900	$221,800
Salaries - public relations	56,859	52,887	58,000	50,000
Other promotional expense	23,982	22,664	20,000	20,000
Supplies - office	9,997	13,163	12,100	11,600
Licenses and dues	6,210	5,147	6,000	4,900
Professional services	29,780	26,439	7,800	16,000
Travel	13,173	11,672	11,700	9,050
Telephone and telegraph	16,594	14,740	16,750	15,750
Taxes - payroll	15,917	13,147	18,550	16,160
Taxes - other	1,684	1,094	1,150	920
Miscellaneous expense	-	275	400	300
Uncollectible accounts	9,459	8,230	12,000	12,000
	$409,005	$373,311	$396,350	$378,480

See Auditors' Report on Supplementary Financial Information on page 9.

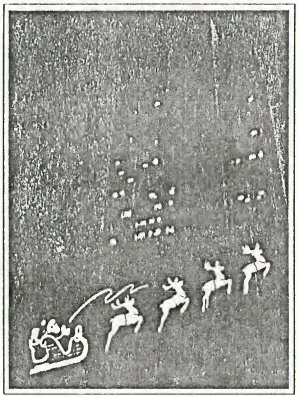
LUTHERAN HOMES, INC.

Annuity Fund
Schedule of Composition of Principal
August 31, 1981 and 1980

	1981	1980
ENDOWMENTS:		
Edward J. Eggebrecht	$ 500	$ 500
William E. and Lucy Jarvis	1,000	1,000
Arthur H. Kramer	300	300
St. Paul's Lutheran Church, Hammond	100	100
Martin Tiebel	50	50
	1,950	1,950
ANNUITIES:		
Arnold H. and Luella Gerbeding	1,000	1,000
Helen Fuehl	-	1,000
Fred H. Werling	2,000	2,000
Fred Greiner	11,000	11,000
Olivia Strassmeyer	-	1,000
Theodore and Emma Schwenke	2,000	2,000
Dorothea Mieter	1,700	1,700
Charlotte Larson	2,000	2,000
Carl H. and Alvina Heine	1,000	1,000
Elmer and Bertha M. Nahrwold	500	500
Phyllis V. Anglin	1,000	1,000
Judy Vaughn Fultz	1,000	1,000
Rosa W. Cole	5,000	5,000
Harold F. and Alma S. Hollman	1,000	1,000
Edwin A. and Norma E. Benz	1,000	1,000
Theodore and Esther Heine	1,000	1,000
Mr. and Mrs. Benjamin Cerke	1,000	1,000
	32,200	34,200
REVOCABLE GIFT AGREEMENTS:		
Ruth Bullerman	1,000	1,000
Emma Fuley	2,000	2,000
Arthur H. Brueck	1,000	1,000
Mr. and Mrs. Herman Mueding	1,000	-
Mr. and Mrs. Ralph G. Grossman	16,000	16,000
	21,000	20,000
RESTRICTED PRINCIPAL	55,150	56,150
UNRESTRICTED PRINCIPAL	120,683	118,683
TOTAL PRINCIPAL - ANNUITY FUND	$175,833	$174,833

See Auditors' Report on Supplementary Financial Information on page 9.

FORT WAYNE NATIONAL BANK



1980 Annual Report

Report of Independent Auditors

Board of Directors
Fort Wayne National Bank
Fort Wayne, Indiana

We have examined the consolidated balance sheet of Fort Wayne National Bank and subsidiaries as of December 31, 1980 and 1979, and the related consolidated statements of income, changes in stockholders' equity, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Fort Wayne National Bank and subsidiaries at December 31, 1980 and 1979, and the consolidated results of their operations and changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Fort Wayne, Indiana
January 19, 1981

Ernst & Whinney

Consolidated Balance Sheet

Fort Wayne National Bank and Subsidiaries

	December 31	1980	1979
Assets	Cash and due from banks	$50,800,193	$ 35,565,562
	Investment securities: Note B		
	United States Treasury	51,454,208	35,644,055
	United States Government agencies and corporations	35,293,669	30,097,940
	States and political subdivisions	79,643,867	71,706,906
	Other	17,210,537	17,895,391
	Total Investment Securities	183,602,281	155,344,292
	Federal funds sold and securities purchased under agreements to resell	22,198,300	25,525,000
	Loans: Note C:		
	Commercial	99,845,727	105,355,933
	Real estate	112,245,310	109,278,409
	Installment	78,413,431	72,253,397
		290,504,468	286,887,739
	Less: Unearned income	15,516,307	12,066,187
	Allowance for possible loan losses: Note D	3,137,057	3,003,990
	Net Loans	271,851,104	271,817,562
	Bank premises and equipment: Note E	14,850,943	14,516,028
	Other assets	10,754,213	8,049,982
	Total Assets	$554,057,034	$510,818,426
Liabilities and Stockholders' Equity	Deposits		
	Demand	$126,960,260	$118,575,120
	Savings	88,936,377	94,680,143
	Time of $100,000 or more	94,224,872	77,624,121
	Other time	158,155,949	139,852,960
	Total Deposits	468,277,458	430,732,344
	Federal funds purchased and securities sold under agreements to repurchase	30,024,042	24,339,228
	Notes payable: U.S. Treasury	6,442,618	9,584,504
	Other liabilities: Notes E and F	11,906,020	10,777,880
	Total Liabilities, Excluding Subordinated Notes	516,650,138	475,433,956
	Subordinated notes: Note G	5,000,000	5,000,000
	Total Liabilities	521,650,138	480,433,956
	Stockholders' Equity:		
	Common Stock, par value $10 a share: 1,000,000 shares authorized, issued, and outstanding	10,000,000	10,000,000
	Surplus	10,000,000	10,000,000
	Undivided profits: Note G	12,406,896	10,384,470
	Total Stockholders' Equity	32,406,896	30,384,470
	Total Liabilities and Stockholders' Equity	$554,057,034	$510,818,426

See notes to consolidated financial statements

One Financial Management course for small businessmen is another way we serve the community. Here are a few more

Services for the visually and communicatively impaired

Bank tours for children

Money, Money, Money financial course for women

Consolidated Statement of Income

Fort Wayne National Bank and Subsidiaries

		Year Ended December 31	1980	1979
Interest Income:	Interest and fees on loans		$32.104,518	$28.899.919
	Interest and dividends on investment securities:			
	United States Treasury		3.470.380	2.776.433
	United States Government agencies and corporations		2.873.727	2.183.767
	States and political subdivisions		4.530.640	3.978.111
	Other		1.501.758	1.579.086
	Interest on federal funds sold and securities purchased under agreements to resell		2,571.564	884.942
		Total Interest Income	47.052,587	40,302.258
Interest Expense:	Interest on deposits:			
	Savings deposits		4.873.177	5.259.504
	Time deposits of $100.000 or more		10.819,274	8.188.764
	Other time deposits		13.836,732	8.916.389
			29,529,183	22,364,657
	Interest on federal funds purchased and securities sold under agreements to repurchase		3.684.315	3.008.073
	Interest on borrowed funds		1.489,359	1.007.153
	Interest on subordinated notes		428,391	428.311
		Total Interest Expense	35.131,248	26.808.194
		Net Interest Income	11.921,339	13.494.064
	Provision for possible loan losses–Note D		500.000	500.000
		Net Interest Income After Provision for Possible Loan Losses	11.421,339	12.994.064
Other Income:	Fiduciary activities		2,012.568	1,642.978
	Service charges on deposit accounts		683,537	600,841
	Other service charges		1,342.482	1,106.764
	Other operating income		117,137	117,164
			4,155,724	3.467,747
Other Expense:	Salaries and employee benefits–Note H		7,124.135	6,713,926
	Net occupancy–Note E		994.813	1,049,309
	Furniture and equipment		1.650.662	1,574,459
	Other operating expense		3,282.662	3,071,514
			13.052,272	12.409.208
		Income Before Federal Income Taxes (Credits) and Securities Gains (Losses)	2.524.791	4.052.603
	Applicable federal income taxes (credits)–Note F		(897,974)	(49,600)
		Income Before Securities Gains (Losses)	3.422.765	4,102,203
	Securities gains (losses)–net, less related federal income taxes (credits) of $(289) in 1980 and $(80,609) in 1979–Note F		(339)	(94,628)
		Net Income	$ 3.422.426	$ 4.007,575
	Per share of Common Stock (based upon 1,000,000 shares outstanding):			
	Income before securities gains (losses)		$3.42	$4.10
	Net income		$3.42	$4.01

See notes to consolidated financial statements

Three Rivers Festival fireworks

Tel-Med phone medical information service

Co-funding of East Central Towers inner-city housing

Conveniently located Bank Machines

Consolidated Statement of Changes in Financial Position

Fort Wayne National Bank and Subsidiaries

	Year Ended December 31	1980	1979
Source of Funds	From operations:		
	Net income	$ 3,422,426	$ 4,007,575
	Non-cash charges:		
	Amortization of premiums and accretion of discounts on investment securities	68,537	157,238
	Provision for possible loan losses	500,000	500,000
	Provisions for depreciation	869,481	755,510
	Deferred income taxes	13,762	58,102
	Cash Provided from Operations	4,874,206	5,478,425
	Increase in:		
	Deposits	37,545,114	1,984,690
	Federal funds purchased and securities sold under agreements to repurchase	5,684,814	876,239
	Notes payable–U.S. Treasury	–0–	2,850,628
	Other liabilities	1,114,378	1,391,489
	Decrease in:		
	Cash and due from banks	–0–	22,734,558
	Federal funds sold and securities purchased under agreements to resell	3,326,700	–0–
	Total Funds Provided	$52,545,212	$35,315,429
Application of Funds	Net additions to bank premises and equipment	$ 1,204,396	$ 1,006,812
	Cash dividends paid	1,400,000	1,345,000
	Increase in:		
	Cash and due from banks	15,234,631	–0–
	Investment securities	28,326,526	157,668
	Federal funds sold and securities purchased under agreements to resell	–0–	5,225,000
	Loans	533,542	25,223,031
	Other assets	2,794,231	2,357,918
	Decrease in:		
	Notes payable–U.S. Treasury	3,141,886	–0–
	Total Funds Applied	$52,545,212	$35,315,429

Consolidated Statement of Changes in Stockholders' Equity

Fort Wayne National Bank and Subsidiaries

Years Ended December 31, 1979 and 1980	Common Stock	Surplus	Undivided Profits	Total
Balance at January 1, 1979	$ 9,000,000	$10,000,000	$ 8,721,895	$27,721,895
Additions (deductions):				
Net income			4,007,575	4,007,575
Par value of 100,000 shares of common stock issued in connection with the 11.11% stock dividend	1,000,000		(1,000,000)	–0–
Cash dividends–$1.345 a share			(1,345,000)	(1,345,000)
Balance at December 31, 1979	10,000,000	10,000,000	10,384,470	30,384,470
Additions (deductions):				
Net income			3,422,426	3,422,426
Cash dividends–$1.40 a share			(1,400,000)	(1,400,000)
Balance at December 31, 1980	$10,000,000	$10,000,000	$12,406,896	$32,406,896

See notes to consolidated financial statements

Note A—Summary of Significant Accounting Policies

The accounting principles followed by Fort Wayne National Bank (the Bank) and the methods of applying those principles conform with generally accepted accounting principles and with general practice within the banking industry, where applicable. The principles which materially affect the determination of financial position, results of operations, or changes in financial position are summarized below:

Consolidation:
The Bank's consolidated financial statements include the accounts of the Bank and its wholly-owned subsidiaries, FWNB Realty, Inc. and FWNB Financial Services Corp. All intercompany accounts have been eliminated.

Investment Securities:
Investment securities are stated at cost adjusted for amortization of premiums and the accretion of discount. Gains or losses on the disposition of investment securities, representing the difference between selling price and carrying value of the specific security, are recorded as realized and are disclosed separately in the statement of income.

Loans:
Interest on commercial and real-estate mortgage loans is accrued on a daily basis based on the principal outstanding. Discounts on installment and commercial loans are amortized and included in interest income on the sum-of-the-months digits method.

Bank Premises and Equipment:
Bank premises and equipment are stated at cost less allowances for depreciation and amortization. Provisions for depreciation are computed primarily on the straight-line method based upon the estimated useful lives of the assets. Leasehold improvements are amortized over the terms of the leases. Additions, renewals, and betterments that extend the life of an asset are capitalized. Expenditures for maintenance and repairs and gains or losses from disposals are charged to operations.

Allowance for Possible Loan Losses:
For financial reporting purposes, the provision for possible loan losses charged to operating expenses is based on the Bank's past loan loss experience and other factors which, in management's judgment, deserve current recognition in estimating possible loan losses. Such other factors considered by management include growth and composition of the loan portfolio, the relationship of the allowance for possible loan losses to outstanding loans, and economic conditions. For tax purposes, the Bank follows a policy of providing additions to the allowance for possible loan losses in accordance with maximum amounts allowed under applicable federal tax law.

Federal Income Taxes:
The Bank provides for deferred income taxes applicable to timing differences in the recognition of certain items of income and expense for financial reporting and income tax purposes. Current provisions for federal income taxes are reduced by investment tax credits accounted for by the flow-through method.

Note B—Investment Securities

The market values of investment securities owned at December 31 are as follows:

	1980	1979
United States Treasury	$ 47,876,000	$ 33,973,000
United States Government agencies and corporations	31,191,000	28,242,000
States and political subdivisions	62,915,000	67,156,000
Other	14,620,000	16,308,000
Total	$156,602,000	$145,679,000

Fluctuations between market and carrying amounts occur during the holding period of investment securities. Such securities are usually held until maturity; therefore, no significant losses on disposition are anticipated as of December 31, 1980.

Investment securities carried at approximately $73,427,000 at December 31, 1980 and $59,789,000 at December 31, 1979 were pledged as collateral for public and trust deposits as required by law.

Note C—Loans to Directors

Some of the Directors of the Bank, and the companies with which they are associated, were customers of and had banking transactions with the Bank in the ordinary course of business. All loans included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than a normal risk of collectibility or present other unfavorable features. The aggregate amount of such loans outstanding at December 31, 1980 was approximately $13,800,000.

Note D—Allowance for Possible Loan Losses

Changes in the allowance for possible loan losses for the years ended December 31 were as follows:

	1980	1979
Balance at beginning of year	$3,003,990	$2,791,472
Add (deduct):		
Recoveries credited to the allowance	75,344	62,668
Provisions charged to operating expenses	500,000	500,000
Loan charge-offs	(442,277)	(350,150)
Balance at End of Year	$3,137,057	$3,003,990

Note E—Bank Premises and Equipment

Bank premises and equipment at December 31 consisted of the following:

	1980	1979
Land	$ 1,564,623	$ 1,564,623
Buildings	10,982,440	11,001,822
Equipment	4,722,989	4,157,932
Leasehold improvements	2,886,149	2,288,805
	20,156,201	19,013,182
Allowances for depreciation and amortization	5,305,258	4,497,154
Total	$14,850,943	$14,516,028

FWNB Realty, Inc. owns the Fort Wayne National Bank Building subject to, but not assumed by the Bank or its subsidiary, the terms and conditions of the existing ground lease and mortgage note. The carrying amount of the building at December 31, 1980 was $6,079,000. The unpaid balance of the mortgage note, included in other liabilities, was $4,722,000 at December 31, 1980 and $4,831,000 at December 31, 1979. The monthly payments on the mortgage note of $37,000 include interest at 7% with final payment in the year 2000.

Details of net occupancy expense for the years ended December 31 are as follows:

	1980	1979
Gross occupancy expense	$2,160,608	$2,113,536
Rental income	(1,165,795)	(1,064,227)
Net occupancy expense	$ 994,813	$1,049,309

Note F—Federal Income Taxes

Included in other liabilities are deferred federal income taxes which amounted to $245,220 at December 31, 1980 and $231,458 at December 31, 1979.

The federal income tax expense (credit), including taxes applicable to net securities losses, for the years ended December 31 consists of the following:

	1980	1979
Currently payable (refundable)	$(912,025)	$(188,311)
Deferred	13,762	58,102
Total	$(898,263)	$(130,209)

The principal factor causing the effective tax rate to be lower than the prevailing corporate federal income tax rate is the exclusion of tax exempt interest (1980—$4,638,000; 1979—$4,100,000) from taxable income. In 1980 and 1979, this tax exempt interest exceeded financial reporting income, resulting in tax loss carrybacks for federal income tax purposes. In addition, current tax expense is reduced by investment tax credits amounting to $50,000 in 1980 and $35,000 in 1979.

Note G—Subordinated Notes

The serial notes, with interest at 8.25% to 8.50%, are due in annual principal installments ranging from $250,000 in 1982 to $300,000 in 1988, and may not be prepaid at the option of the Bank. The remaining notes, with interest at 8.625%, are due in annual principal installments ranging from $75,000 in 1982 to $625,000 in 1993 with the option to make prepayments at par, up to, but not exceeding, each required installment on the required due dates. The agreement provides that these notes may be prepaid, in whole or in part, commencing April 1, 1987 at 108.625% and thereafter at prices declining to 100% on April 1, 1993.

The notes are subordinated in right of payment to claims of depositors and certain other creditors of the Bank. Among other things, the agreement limits the amount of indebtedness which may be incurred by the Bank, except for indebtedness (as defined) which may arise in the ordinary course of business, the disposition of assets, the amount of long-term lease obligations, and cash dividends. Unrestricted net income accumulated since December 31, 1976 amounted to $5,746,000 at December 31, 1980.

Note H—Employees' Benefit Plans

The Bank has a non-contributory trusteed retirement plan covering substantially all of its full-time employees who are at least 25 years of age and have completed one year of continuous service. Retirement plan expense (1980–$294,000 and 1979–$324,000) includes amortization of prior service costs over approximately 40 years. The Bank funds pension costs annually as they accrue. Unfunded prior service costs were approximately $771,600 at January 1 1980. Accumulated plan benefit information, as estimated by consulting actuaries, and plan net assets for the Bank's plan are as follows:

	January 1	
	1980	1979
Actuarial present value of accumulated plan benefits:		
Vested	$2,332,903	$2,901,237
Nonvested	130,278	220,358
	$2,463,181	$3,121,595
Net assets available for plan benefits	$3,620,724	$3,204,837

The assumed rate of return used in determining the actuarial present value of the accumulated plan benefits was 7.5% and 5% for the January 1, 1980 and 1979 valuations, respectively.

The Bank has an employees' savings and profit sharing plan for all employees who wish to participate after completing one year of continuous service. The Bank's contribution to this plan has certain restrictions based on the amount of capital accounts and earnings (as defined by the plan), and on the aggregate basic annual compensation of participating employees. The contribution amounted to $295,000 in 1980 and $370,000 in 1979.

Note I—Commitments

The Bank had standby letters of credit of approximately $639,000 at December 31, 1980.

Total rental expense amounted to $947,000 in 1980 and $1,021,000 in 1979.

The future minimum rental commitments under noncancelable operating leases as of December 31, 1980 are as follows: 1981–$424,000, 1982–$233,000, 1983–$112,000, 1984–$107,000, 1985–$104,000, and thereafter $4,212,000.

Note J—Proposed Bank Holding Company

During the year, the Board of Directors proposed the formation of a bank holding company, pursuant to which the shareholders of the Bank would exchange their bank stock for all of the stock of the bank holding company. This proposal is contingent upon approval of the shareholders and bank regulatory agencies. It is the opinion of the Board of Directors and management that adoption of the holding company structure will provide the Bank with a better opportunity to meet successfully the changing bank requirements and the needs of our shareholders.

Historical Review

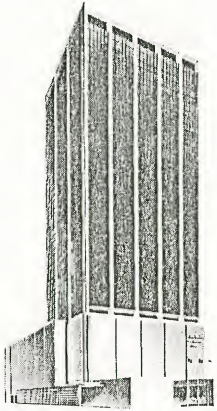
In Thousands of Dollars For the Year	1980	1979	1978	1977	1976	1971
Operations:						
Interest and Fees on Loans	$ 32,105	$ 28,900	$ 22,052	$ 17,524	$ 14,927	$ 7,353
Interest and Dividends on Investments	12,376	10,517	10,033	8,880	8,705	2,971
Other Interest Income	2,572	885	569	391	584	197
Total Interest Income	47,053	40,302	32,654	26,795	24,216	10,521
Interest Expense	35,132	26,808	19,451	15,434	13,692	5,104
Provision for Possible Loan Losses	500	500	600	300	550	104
Net Interest Income After Provision for Possible Loan Losses	11,421	12,994	12,603	11,061	9,974	5,313
Other Income:						
Fiduciary Activities	2,013	1,643	1,610	1,476	1,218	800
Other	2,143	1,825	1,343	1,175	1,067	426
Other Expense:						
Salaries and Benefits	7,124	6,714	6,054	5,469	4,827	2,574
Other	5,928	5,695	5,349	5,037	4,276	2,033
Income Before Federal Income Taxes (Credits) and Securities Gain (Losses)	2,525	4,053	4,153	3,206	3,156	1,932
Applicable Federal Income Taxes (Credits)	(897)	(50)	354	5	158	199
Securities Gains (Losses)	-0-	(95)	(61)	73	37	22
Net Income	$ 3,422	$ 4,008	$ 3,738	$ 3,274	$ 3,035	$ 1,755
Cash Dividends	$ 1,400	$ 1,345*	$ 1,260	$ 1,080*	$ 1,050	$ 700
Net Income Per Common Share*	$ 3.42	$ 4.01	$ 3.74	$ 3.27	$ 3.04	$ 1.76
Cash Dividends Declared Per Common Share**	$ 1.40	$ 1.35	$ 1.26	$ 1.08	$ 1.05	$ .70
Financial Condition:						
Average Daily Assets	$522,621	$491,596	$448,495	$403,193	$368,058	$191,510
Average Daily Deposits	$431,537	$408,383	$386,983	$354,013	$324,618	$166,144
Average Daily Loans	$267,832	$263,776	$232,282	$205,966	$173,991	$101,755
Stockholders' Equity (at year end)	$ 32,407	$ 30,384	$ 27,722	$ 25,244	$ 23,050	$ 15,323
General:						
Number of Employees (at year end)***	507	523	497	493	443	324
Number of Deposit Accounts (at year end)	97,971	97,718	95,951	91,749	88,717	77,985
Average Rate of Return:						
On Investments	7.49%	6.81%	6.66%	6.52%	6.59%	4.83%
On Loans	11.82%	10.96%	9.49%	8.51%	8.49%	7.20%
On Loans and Investments	10.17%	9.42%	8.34%	7.72%	7.67%	6.33%

*Based on 1,000,000 shares outstanding **Adjusted for stock dividends ***Includes part time employees
a–April 1979 11.11% stock dividend paid b–April 1977 20% stock dividend paid

THIS PAGE LEFT BLANK INTENTIONALLY

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the Third Quarter and Nine Months
ended September 30, 1981



FORTWAYNE NATIONAL
that's my **BANK**

110 WEST BERRY STREET
FORT WAYNE, INDIANA 46802
(219) 426-0555

Member — Federal Deposit Insurance Corporation

FINANCIAL HIGHLIGHTS

For the Third Quarter and Nine Months Ended September 30, 1981

	THIRD QUARTER		NINE MONTHS	
	1981	1980	1981	1980
INCOME (in thousands)				
Operating Income	$16,421	$12,712	$46,108	$ 37,733
Operating Expense	16,275	12,232	45,801	36,130
Net Security Gains (Losses)	(22)	3	(38)	(4)
Net Income	609	826	1,817	2,466
PER SHARE				
Income before Security Gains (Losses)	$ .63	$ .82	$ 1.85	$ 2.47
Net Income	.61	.83	1.82	2.47
Dividends Declared	.35	.35	1.05	1.05
Stockholders' Equity	33.17	31.80	33.17	31.80
AT SEPTEMBER 30 (in thousands)				
Investments			$201,609	$181,610
Loans (before loan loss reserve)			257,142	258,869
Assets			562,230	564,050
Deposits			450,711	452,604
Stockholders' Equity			33,174	31,801
DAILY AVERAGE BALANCE (in thousands)				
Investments			$192,558	$162,789
Loans (before loan loss reserve)			265,473	263,928
Assets			551,710	517,268
Deposits			449,273	427,782

Notes to Consolidated Financial Statements

The financial statements are consolidated statements of Fort Wayne National Bank and its subsidiaries, including FWNB Realty, Inc.

The common stock of Fort Wayne National Bank is traded locally in the over-the-counter market by several brokerage firms in the Fort Wayne area. At September 30, 1981, the bid price of the Bank's stock was $12.00.

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30

ASSETS

	1981	1980
Cash and due from banks	$ 54,377,748	$ 51,738,661
Investment Securities:		
United States Treasury	53,678,115	45,654,400
United States Government agencies and corporations	56,325,744	35,707,087
States and political subdivisions	74,246,670	81,110,000
Other	17,358,140	19,138,318
TOTAL INVESTMENT SECURITIES	201,608,669	181,609,805
Federal funds sold and securities purchased under agreements to resell	24,602,300	50,017,800
Loans		
Commercial	88,224,174	88,577,102
Real estate	109,730,958	110,480,431
Installment	75,572,352	74,884,739
	273,527,484	273,942,272
Less: Unearned income	16,385,658	15,073,288
Allowance for possible loan losses	3,189,752	3,150,512
NET LOANS	253,952,074	255,718,472
Bank premises and equipment	14,819,362	14,798,782
Other assets	12,869,845	10,166,454
TOTAL ASSETS	$562,229,998	$564,049,974

Liabilities and Stockholders' Equity

Deposits:		
Demand	$ 96,381,925	$115,870,503
Negotiable orders of withdrawal (NOW Accounts)	16,134,962	-0-
Savings	78,394,542	96,095,571
Time of $100,000 or more	82,283,063	93,339,685
Other time	177,516,642	147,298,703
TOTAL DEPOSITS	450,711,134	452,604,462
Federal funds purchased and securities sold under agreements to repurchase	47,085,989	28,242,609
Notes Payable — U. S. Treasury and other	15,000,000	35,000,000
Other liabilities	11,258,904	11,402,216
TOTAL LIABILITIES, EXCLUDING SUBORDINATED NOTES	524,056,027	527,249,287
Subordinated notes	5,000,000	5,000,000
Stockholders' Equity:		
Common Stock, par value $10 a share — Authorized, issued, and outstanding: 1,000,000 shares	10,000,000	10,000,000
Surplus	10,000,000	10,000,000
Undivided profits	13,173,971	11,800,687
TOTAL STOCKHOLDERS' EQUITY	33,173,971	31,800,687
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$562,229,998	$564,049,974

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT of INCOME

	3 MONTHS ENDED SEPTEMBER 30 1981	3 MONTHS ENDED SEPTEMBER 30 1980	9 MONTHS ENDED SEPTEMBER 30 1981	9 MONTHS ENDED SEPTEMBER 30 1980
INTEREST INCOME:				
Interest and fees on loans	$ 9,250,345	$ 7,320,154	$27,238,955	$23,677,777
Interest and dividends on investments securities:				
United States Treasury	1,308,394	836,066	3,976,651	2,274,921
United States Government agencies and corporations	1,448,655	729,482	3,722,156	2,054,138
States and political subdivisions	1,205,715	1,221,333	3,680,666	3,473,628
Other	416,652	385,824	1,207,645	1,120,460
Interest on federal funds sold and securities purchased under agreements to resell	1,729,209	1,180,061	3,220,794	1,876,951
TOTAL INTEREST INCOME	15,358,970	11,672,920	43,046,867	34,477,875
INTEREST EXPENSE:				
Interest on deposits:				
Negotiable orders of withdrawal (NOW Accounts)	192,561	-0-	481,944	-0-
Savings deposits	1,066,955	1,250,656	3,281,240	3,617,199
Time deposits of $100,000 or more	3,383,613	2,742,019	9,910,483	8,103,718
Other time deposits	5,437,721	3,610,093	14,821,310	10,269,974
	10,080,850	7,602,678	28,494,977	21,990,891
Interest on federal funds purchased and securities sold under agreements to repurchase	2,080,361	834,970	4,668,698	2,574,640
Interest on borrowed funds	386,282	276,821	1,634,408	968,757
Interest on subordinated notes	107,099	107,098	321,295	321,295
TOTAL INTEREST EXPENSE	12,654,592	8,821,657	35,119,378	25,855,583
NET INTEREST INCOME	2,704,378	2,851,263	7,927,489	8,622,292
Provisions for possible loan losses	125,000	125,00	375,000	375,000
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	2,579,378	2,726,263	7,552,489	8,247,292
Other income:				
Fiduciary activities	493,300	489,999	1,479,900	1,605,245
Service charges on deposit accounts	174,770	185,979	499,191	503,084
Other service charges	296,087	297,886	833,112	896,604
Other operating income	97,411	65,102	248,699	250,475
	1,061,568	1,038,966	3,060,902	3,255,408
Other expense:				
Salaries and employee benefits	1,901,844	1,813,925	5,592,918	5,333,372
Net occupancy	276,746	253,264	744,730	779,485
Furniture and equipment	412,468	411,967	1,261,318	1,250,416
Other operating expense	904,314	806,265	2,707,562	2,535,710
	3,495,372	3,285,421	10,306,528	9,898,983
INCOME (LOSS) BEFORE FEDERAL INCOME TAXES (CREDITS) AND SECURITIES GAINS (LOSSES)	145,574	479,808	306,863	1,603,717
Applicable income taxes (credits)	(485,870)	(343,545)	(1,547,830)	(866,025)
INCOME BEFORE SECURITIES GAINS (LOSSES)	631,444	823,353	1,854,693	2,469,742
Securities gains (losses) - net, less related federal income taxes (credits of ($18,919) and $2,148 for the three months ended September 30; and ($32,045) and ($3,003) for the nine months ended September 30	(22,209)	2,522	(37,618)	(3,525)
NET INCOME	$ 609,235	$ 825,875	$ 1,817,075	$ 2,466,217
Per Share of Common Stock, based on 1,000,000 shares authorized, issued and outstanding:				
Income before securities gains (losses)	$ .63	$ .82	$ 1.85	$ 2.47
Net Income	$ .61	$ .83	$ 1.82	$ 2.47
Cash Dividends Declared	$ .35	$ .35	$ 1.05	$ 1.05
Stockholders' Equity	$ 33.17	$ 31.80	$ 33.17	$ 31.80

See Notes to Consolidated Financial Statements

TRUST INDENTURE

BETWEEN

CITY OF FORT WAYNE

AND

FORT WAYNE NATIONAL BANK,
As Trustee

ECONOMIC DEVELOPMENT REVENUE BONDS,
SERIES A (LUTHERAN HOMES, INC. PROJECT)

Dated as of December 1, 1981

THIS INSTRUMENT ALSO CONSTITUTES A SECURITY AGREEMENT UNDER THE INDIANA UNIFORM COMMERCIAL CODE.

This instrument prepared by Thomas K. Downs, Ice Miller Donadio & Ryan, 10th Floor, 111 Monument Circle, Indianapolis, Indiana 46204.

TRUST INDENTURE

BETWEEN

CITY OF FORT WAYNE

AND

FORT WAYNE NATIONAL BANK,
As Trustee

ECONOMIC DEVELOPMENT REVENUE BONDS,
SERIES A (LUTHERAN HOMES, INC. PROJECT)

Dated as of December 1, 1981

THIS INSTRUMENT ALSO CONSTITUTES A SECURITY AGREEMENT UNDER THE INDIANA UNIFORM COMMERCIAL CODE.

This instrument prepared by Thomas K. Downs, Ice Miller Donadio & Ryan, 10th Floor, 111 Monument Circle, Indianapolis, Indiana 46204.

TABLE OF CONTENTS

		Page
PARTIES		1
PREAMBLES		1
BOND FORMS		2
GRANTING CLAUSES		19
ARTICLE I	DEFINITIONS AND EXHIBITS	20
ARTICLE II	THE BONDS	
Section 201.	Authorized Amount of Original Bonds	23
Section 202.	Issuance of Original Bonds	23
Section 203.	Payment on Bonds	24
Section 204.	Execution; Limited Obligation	24
Section 205.	Authentication	25
Section 206.	Form of Bonds	25
Section 207.	Delivery of Original Bonds	25
Section 208.	Issuance of Additional Bonds	26
Section 209.	Mutilated, Lost, Stolen or Destroyed Bonds or Coupons	28
Section 210.	Registration and Exchange of Bonds; Persons Treated as Owners	30
ARTICLE III	APPLICATION OF ORIGINAL BOND PROCEEDS	
Section 301.	Deposit of Funds	32
ARTICLE IV	REVENUE AND FUNDS	
Section 401.	Source of Payment of Bonds	33
Section 402.	Bond Fund	33
Section 403.	Construction Fund	33
Section 404.	Trust Funds	36
Section 405.	Investment	36
ARTICLE V	REDEMPTION OF BONDS BEFORE MATURITY	
Section 501.	Redemption Dates and Prices	37
Section 502.	Notice of Redemption	38
Section 503.	Cancellation	39
Section 504.	Unpaid Coupons	40
Section 505.	Redemption Payments	40
Section 506.	Partial Redemption of Bonds	40

		Page
ARTICLE VI	GENERAL COVENANTS	
Section 601.	Payment of Principal and Interest	42
Section 602.	Performance of Covenants	42
Section 603.	Ownership; Instruments of Further Assurance	42
Section 604.	Recordation and filing of Indenture, Loan Agreement and Security Instruments	43
Section 605.	Inspection of Books	43
Section 606.	List of Bondholders	43
Section 607.	Rights Under Loan Agreement	44
Section 608.	Designation of Additional Paying Agents	44
Section 609.	Bonds to Remain Tax Exempt	44
Section 610.	Investment of Funds	44
Section 611.	Non-assignment of Notes	44
Section 612.	Non-presentment of Bonds or Coupons, if any	45
Section 613.	Notice to Bank	45
ARTICLE VII	REMEDIES	
Section 701.	Events of Default	47
Section 702.	Letter of Credit; Acceleration	47
Section 703.	Remedies; Rights of Bondholders	48
Section 704.	Right of Bondholders to Direct Proceedings	48
Section 705.	Application of Moneys	49
Section 706.	Remedies Vested in Trustees	50
Section 707.	Rights and Remedies of Bondholders	50
Section 708.	Termination of Proceedings	51
Section 709.	Waivers of Events of Default	52
Section 710.	Company's Right of Possession and Use of Mortgaged Property	52
Section 711.	Waiver of Redemption; Effect of Sale of Mortgaged Property	52
Section 712.	Cooperation of Issuer	53
Section 713.	Notice of the Honoring of the Letter of Credit	53
Section 714.	Assignment to Bank	54
Section 716.	Notice from Bank	54
ARTICLE VIII	THE TRUSTEE	
Section 801.	Acceptance of the Trusts	55
Section 802.	Fees, Charges and Expenses of Trustee	58
Section 803.	Notice to Bondholders if Default Occurs	58
Section 804.	Intervention by Trustee	58
Section 805.	Successor Trustee	59
Section 806.	Resignation by the Trustee	59

		Page
Section 807.	Removal of the Trustee	59
Section 808.	Appointment of Successor Trustee by the Bondholders; Temporary Trustee	59
Section 809.	Concerning Any Successor Trustee	60
Section 810.	Trustee Protected in Relying Upon Resolutions, etc.	60
Section 811.	Successor Trustee as Trustee of Funds, Paying Agent and Bond Registrar	61
Section 812.	Trust Estate May be Vested in Separate or Co-Trustee	61
ARTICLE IX	SUPPLEMENTAL INDENTURES	
Section 901.	Supplemental Indentures Not Requiring Consent of Bondholders	63
Section 902.	Supplemental Indentures Requiring Consent of Bondholders	63
Section 903.	Consent of Bank	64
ARTICLE X	AMENDMENTS TO THE LOAN AGREEMENT	
Section 1001.	Amendments, etc., to Loan Agreement Not Requiring Consent of Bondholders	65
Section 1002.	Amendments, etc., to Loan Agreement Requiring Consent of Bondholders	65
Section 1003.	No Amendment May Alter Notes	65
Section 1004.	No Amendment Without Consent of Bank	65
ARTICLE XI	MISCELLANEOUS	
Section 1101.	Satisfaction and Discharge	66
Section 1102.	Application of Trust Money	67
Section 1103.	Consents, etc., of Bondholders	67
Section 1104.	Limitation of Rights	68
Section 1105.	Severability	69
Section 1106.	Notices	69
Section 1107.	Trustee as Paying Agent and Registrar	69
Section 1108.	Counterparts	70
Section 1109.	Applicable Law	70
Section 1110.	Immunity of Officers and Directors	70
Section 1111.	Holidays	70
TESTIMONIUM		70
SIGNATURES AND SEALS		71
ACKNOWLEDGMENTS		72
EXHIBIT A		74

TRUST INDENTURE

THIS TRUST INDENTURE dated as of the first day of December, 1981, by and between the CITY OF FORT WAYNE (the "Issuer"), a municipal corporation organized under the laws of the State of Indiana, party of the first part, and FORT WAYNE NATIONAL BANK, a banking corporation duly organized, existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States of America, with its principal office in Fort Wayne, Indiana, as Trustee (the "Trustee"), party of the second part;

WITNESSETH:

WHEREAS, the Indiana Code, Title 36, Article 7, Chapter 12 (the "Act"), has been enacted by the Legislature of Indiana; and

WHEREAS, the Act declares that the financing of economic development facilities constitutes a public purpose; and

WHEREAS, the Act provides that an issuer may pursuant to the Act issue revenue bonds and loan the proceeds thereof to a corporation for the purpose of financing all costs of acquisition or construction of facilities, including real and personal property, for diversification of economic development and promotion of job opportunities in or near such issuer, such revenue bonds being payable primarily from the revenues derived from the repayment of such loan; and

WHEREAS, the Act provides that such bonds may be secured by a trust indenture between the Issuer and a corporate trustee; and

WHEREAS, the Issuer intends to issue its Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project) in the aggregate principal amount of $1,500,000 (the "Original Bonds") pursuant to this Trust Indenture in order to obtain funds to loan to Lutheran Homes, Inc., an Indiana not-for-profit corporation (the "Company") pursuant to the Loan Agreement, Mortgage and Security Agreement, dated as of December 1, 1981 (the "Loan Agreement" or the "Mortgage") between the Issuer and the Company for the purpose of financing the cost of acquiring, constructing, or equipping certain economic development facilities (the "Project"); and

WHEREAS, the Loan Agreement provides for the repayment by the Company of the loan of the proceeds of the Original Bonds and further provides (i) for the Company's repayment obligation

to be evidenced by the Company's Series 1981 Note, Series 1981 (the "Initial Note") in substantially the form attached thereto as "Exhibit B," and (ii) for such loan and the Initial Note to be secured by the lien and security interest therein provided for; and

WHEREAS, pursuant to this Indenture, the Issuer will endorse the Initial Note without recourse and assign certain of its rights under the Loan Agreement as security for the Original Bonds which are payable solely and only out of the payments to be made by the Company with respect to the Initial Note and any other Notes issued under the Loan Agreement, except to the extent paid out of Bond proceeds and proceeds of condemnation and insurance; and

WHEREAS, the execution and delivery of this Trust Indenture (hereinafter sometimes referred to as the "Indenture"), and the issuance of the Original Bonds hereunder have been in all respects duly and validly authorized by an ordinance duly passed and approved by the common council of the Issuer; and

WHEREAS, the Original Bonds, the interest coupons to be attached thereto and the Trustee's certificate of authentication to be endorsed thereon are all to be in substantially the following forms, and any Additional Bonds, coupons and Trustee's certificate of authentication are also to be in substantially the following forms (except as to redemption, sinking fund and other provisions peculiar to such Additional Bonds), with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture, to-wit:

(Form of Coupon Bond)

UNITED STATES OF AMERICA
STATE OF INDIANA
COUNTY OF ALLEN

CITY OF FORT WAYNE
ECONOMIC DEVELOPMENT REVENUE BOND,
SERIES 1981 (LUTHERAN HOMES, INC. PROJECT)

No. C-____ $5,000

City of Fort Wayne (the "Issuer"), a municipal corporation organized under the laws of the State of Indiana, for value received, hereby promises to pay in lawful money of the United

States of America to the bearer hereof, or if this Bond be registered as to principal, to the registered owner hereof, on December 1, 1993, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the payments on the Notes hereinafter referred to pledged and assigned for the payment hereof pursuant to the Indenture hereinafter mentioned or as otherwise provided in said Indenture or the Mortgage hereinafter mentioned and not otherwise, upon surrender hereof, the principal sum of Five Thousand Dollars ($5,000), and to pay interest (on the basis of a 360-day year consisting of twelve 30-day months) on such principal amount in like money, but solely from said payments, from the date hereof at the rate of twelve and one-half percent (12 1/2%) per annum, payable initially on June 1, 1982, and thereafter on each subsequent June 1 and December 1, until payment of such principal amount, or provision therefor, shall have been made upon redemption or at maturity, but with respect to interest accrued at or prior to maturity, only upon presentation and surrender of the coupons for interest hereunto appertaining as they severally mature. The principal of and interest on this Bond and the premium, if any, payable upon redemption, are payable at the office of Fort Wayne National Bank, as Trustee, in the City of Fort Wayne, Indiana, or at the principal office of any successor trustee or additional paying agent appointed under the Indenture hereinafter mentioned.

This Bond is one of a series of the Issuer's Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project) (the "Original Bonds") being issued under the hereinafter described Indenture. Such Bonds are being issued in the aggregate principal amount of $1,500,000 for the purpose of providing funds to finance the acquisition, construction, and equipping of certain economic development facilities owned by Lutheran Homes, Inc., an Indiana not-for-profit corporation (the "Company"), by loaning such funds to the Company pursuant to the Loan Agreement, Mortgage and Security Agreement, dated as of December 1, 1981 (the "Loan Agreement" or the "Mortgage"), between the Company and the Issuer, which prescribes the terms and conditions under which the Company shall repay such loan and pursuant to which the Company will execute and deliver to the Issuer its Series 1981 Note, Series 1981 (the "Initial Note") in a principal amount equal to the aggregate principal amount of such Bonds in order to evidence such loan. The Loan Agreement creates a lien on and a security interest in the Mortgaged Property, as therein defined, as security for the Initial Note and any other Notes issued thereunder (herein collectively referred to as the "Notes").

The Original Bonds are all issued under and equally and ratably secured by and entitled to the security of the Trust Indenture dated as of December 1, 1981 (hereinafter referred to as the "Indenture") duly executed and delivered by the Fort Wayne National Bank, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors), pursuant to which Indenture the Initial Note and all rights of the Issuer under the Mortgage, except the rights to payment for expenses, indemnity rights and the rights to perform certain discretionary acts, are pledged and assigned by the Issuer to the Trustee as security for the Original Bonds. The Original Bonds are further secured by an Irrevocable Letter of Credit, issued by Fort Wayne National Bank (the "Bank"), in the maximum amount of $_____, representing the full principal amount of the Original Bonds, 6 1/2 months' interest on the Original Bonds, plus a maximum premium of 8% of the principal amount thereof. It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank pari passu with the Original Bonds. (Such Additional Bonds and the Original Bonds are hereinafter collectively called the "Bonds.") Under the same terms and conditions contained in the Loan Agreement the Company may also issue obligations ("Parity Obligations") standing on a parity and equality with the Bonds in the lien created by the Loan Agreement on the Mortgaged Property. Reference is made to the Indenture and to all indentures supplemental thereto and to the Loan Agreement for a description of the nature and extent of the security, the rights of the holders of the Bonds and Parity Obligations, the issuance of Additional Bonds and Parity Obligations and the terms on which the Bonds and Parity Obligations are or may be issued and secured, and to all the provisions of which the holder hereof by the acceptance of this Bond assents.

This Bond is registrable as to principal only, on the registration books maintained by the Trustee, upon presentation hereof at the office of the Trustee and upon the notation of such registration endorsed hereon by the Trustee. This Bond may thereafter only be transferred on such books at the written request of the registered owner or by duly authorized attorney, evidence of such transfer to be in like manner endorsed hereon. Such transfer may be to bearer, and thereby transferability by delivery shall be restored, subject, however, to successive registrations and transfers as before. The principal of this Bond if registered, unless registered to bearer, shall be payable only to or upon the order of the registered owner or his legal representative. Interest accruing on this Bond will be paid only on presentation and surrender of the attached

interest coupons as they respectively become due, and registration of this Bond as to principal as aforesaid will not affect the transferability by delivery of such coupons.

The Original Bonds are issuable as coupon Bonds registrable as to principal only in the denomination of $5,000 and as registered Bonds without coupons in denominations of $5,000 and any authorized multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same series and the same maturity, bearing all unmatured coupons (and any matured coupons in default) or for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of other authorized denominations, and coupon Bonds bearing all unmatured coupons (and any matured coupons in default) may be exchanged for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of authorized denominations.

The Bonds and Parity Obligations may be redeemed upon the occurrence of certain events described in Section 5.2 of the Loan Agreement. When called for redemption as a result of any such event, the Bonds and Parity Obligations shall be subject to redemption by the Issuer, in whole or in part, in the inverse order of their maturities (less than all of said Bonds or Parity Obligations of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at a redemption price of 100% of the principal amount of the Bonds and Parity Obligations being redeemed plus accrued interest to the redemption date and without premium.

In the event the Company shall be obligated to prepay the Loan as provided in Section 5.2(b) of the Loan Agreement, all the outstanding Original Bonds shall be subject to redemption by Issuer at 100% of the principal amount thereof, plus a premium equal to an additional 8% of the principal amount thereof, plus accrued interest to the redemption date. The Company shall be obligated in any event to prepay the Initial Note within one hundred eighty (180) days after such determination provided for in Section 5.2(b) has been made.

The Original Bonds are also subject to redemption prior to maturity at the option of the Issuer at the direction of the Company on any interest payment date occurring on or after June 1, 1989, in whole or in part, in the inverse order of their maturities (less than all of the Original Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed

as percentages of the principal amount of Original Bonds being redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
June 1, 1989 and December 1, 1989	105%
June 1, 1990 and December 1, 1990	104
June 1, 1991 and December 1, 1991	103
June 1, 1992 and December 1, 1992	102
June 1, 1993	101

The Bonds maturing on December 1, 1993 are subject to mandatory redemption prior to maturity in part, by lot in such manner as may be designated by the Trustee, at par plus accrued interest to the date fixed for redemption, without premium, in amounts and on December 1 and June 1 in the years as follows:

Month and Year	Amount
June 1, 1984	$50,000
December 1, 1984	50,000
June 1, 1985	50,000
December 1, 1985	50,000
June 1, 1986	50,000
December 1, 1986	50,000
June 1, 1987	50,000
December 1, 1987	50,000
June 1, 1988	75,000
December 1, 1988	75,000
June 1, 1989	75,000
December 1, 1989	75,000
June 1, 1990	100,000
December 1, 1990	100,000
June 1, 1991	100,000
December 1, 1991	100,000
June 1, 1992	100,000
December 1, 1992	100,000
June 1, 1993	100,000
December 1, 1993*	100,000

*at maturity

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of Fort Wayne, Indiana, the first of which shall be published not less than thirty days nor more than forty-five days prior

to the redemption date, and in the case of the redemption of Bonds at the time registered, upon mailing a copy of the redemption notice by registered or certified mail not less than thirty days nor more than forty-five days prior to the date fixed for redemption to the registered owner of the Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein with respect to any such registered Bond, shall not affect the validity of any proceedings for the redemption of other Bonds. If all of the Bonds to be redeemed are at that time registered, notice by mailing given by registered or certified mail to the registered owner or owners thereof, at their addresses shown on the registration books, not less than thirty days nor more than forty-five days prior to the date fixed for redemption shall be sufficient, and published notice of the call for redemption need not be given.

All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

The Bonds, and the interest payable thereon, do not represent or constitute a debt of the Issuer within the meaning of the provisions of the constitution or statutes of the State of Indiana, or a pledge of the faith and credit of the Issuer. The Bonds, as to both principal and interest, are not an obligation of the State of Indiana, or of any political subdivision thereof, and are payable solely and only from the payments to be made on the Notes issued under the Loan Agreement pledged and assigned for the payment of the Bonds in accordance with the Indenture.

Upon the occurrence of an event of default under the Loan Agreement or the Indenture, the Trustee is required to draw upon and enforce its full remedies under the Letter of Credit and to apply such moneys received from the honoring of the Letter of Credit to the payment of the Bonds on the fifteenth day following the declaration of the event of default (the "Payment Date"). In such event, the Trustee shall give immediate notice to the Bondholders in the manner prescribed in

Section 714 of the Indenture that the Trustee has enforced its full rights under the Letter of Credit, that the full payment of the principal of, premium, if any, and interest on the Bonds will be due from payments on the Letter of Credit on the Payment Date, and that, if moneys received from the honoring of the Letter of Credit are sufficient to pay the principal of, premium, if any, and interest on the Bonds on the Payment Date, interest will cease to accrue on the Bonds on the Payment Date.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made to the extent and in the circumstances permitted by the Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the laws of the State of Indiana and under the Indenture precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Bond have been duly authorized by the Issuer.

This Bond and the coupons appertaining hereto shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the City of Fort Wayne has caused this Bond and the coupons attached hereto to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal to be hereunto affixed manually or by facsimile and attested to by the manual or facsimile.

signature of its Clerk all as of the first day of December, 1981.

CITY OF FORT WAYNE

By_____
Mayor

(Seal)

Attest:

_____
Clerk

(Form of Trustee's Certificate of Authentication)

This Bond is one of the Bonds described in the within-mentioned Trust Indenture.

FORT WAYNE NATIONAL BANK, as Trustee

By_____
Authorized Officer

(Form of Interest Coupon)

No. _____ $_____

On _____, unless the Bond hereinafter mentioned shall have been duly called for previous redemption and payment of the redemption price made or provided for, the City of Fort Wayne will pay to the bearer, but only out of the payments referred to in the Bond hereinafter mentioned, upon surrender hereof at the office of Fort Wayne National Bank, in the City of Fort Wayne, Indiana, the amount shown herein, in lawful money of the United States of America, being interest then due

on its Economic Development Revenue Bond, Series 1981 (Lutheran Homes, Inc. Project), dated December 1, 1981, No. _____.

CITY OF FORT WAYNE

By_____
Mayor

(Seal)

Attest:

_____
Clerk

(Form of Registration)

The within Bond may be registered, as to principal only, in the name of the holder on books kept by the Trustee, such registration being noted hereon by the Trustee in the registration blank below, after which no transfer shall be valid unless made on said books at the request of the registered holder or attorney duly authorized, and such transfer is similarly noted in the registration blank below, but it may be discharged from registration by being so transferred and registered to bearer, after which it shall be transferable by delivery, but it may be again registered as before. The registration of this Bond as to principal shall not restrain the negotiability of the coupons by delivery.

Date of Registration	Name of Registered Owner	Signature of Trustee
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Form of Fully Registered Bond)

UNITED STATES OF AMERICA
STATE OF INDIANA
COUNTY OF ALLEN

CITY OF FORT WAYNE
ECONOMIC DEVELOPMENT REVENUE BOND,
SERIES 1981 (LUTHERAN HOMES, INC. PROJECT)

No. R-____ $_____

The City of Fort Wayne (the "Issuer"), a municipal corporation organized under the laws of the State of Indiana, for value received, hereby promises to pay in lawful money of the United States of America to _____, or registered assigns, on December 1, 1993, unless this Bond shall be redeemable and shall have previously been called for redemption and payment of the redemption price made or provided for, but solely from the payments on the Notes hereinafter referred to pledged and assigned for the payment hereof pursuant to the Indenture hereinafter mentioned or as otherwise provided in the Indenture or the Mortgage hereinafter mentioned and not otherwise, upon surrender hereof, the principal sum of Dollars ($), and to pay interest (on the basis of a 360-day year consisting of twelve 30-day months) on such principal amount in like money, but solely from said payments, from the date hereof at the rate of twelve and one-half percent (12 1/2%) per annum, payable initially on June 1, 1982, and thereafter each subsequent June 1 and December 1 until payment of such principal amount, or provision therefor, shall have been made upon redemption or at maturity. The principal of and interest on this Bond and the premium, if any, payable upon redemption, are payable at the office of Fort Wayne National Bank, as Trustee, in the City of Fort Wayne, Indiana, or at the principal office of any successor trustee or additional paying agent appointed under the Indenture hereinafter mentioned; provided that payment of interest hereon will be made to the registered owner hereof by check or draft mailed by the Trustee to such registered owner at his address as it appears on the registration books of the Issuer kept by the Trustee or at such other address as is furnished to the Trustee in writing by such registered owner.

This Bond is one of a series of the Issuer's Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project) (the "Original Bonds") being issued under the hereinafter described Indenture. Such Bonds are being issued in

the aggregate principal amount of $1,500,000 for the purpose of providing funds to finance the acquisition, construction and equipping of certain economic development facilities owned by Lutheran Homes, Inc., an not-for-profit Indiana corporation (the "Company"), by loaning such funds to the Company pursuant to the Loan Agreement, Mortgage and Security Agreement, dated as of December 1, 1981 (the "Loan Agreement" or the "Mortgage") between the Company and the Issuer which prescribes the terms and conditions under which the Company shall repay such loan and pursuant to which the Company will execute and deliver to the Issuer its Series 1981 Note, Series 1981 (the "Initial Note") in a principal amount equal to the aggregate principal amount of such Bonds in order to evidence such loan. The Loan Agreement creates a lien on and a security interest in the Mortgaged Property, as therein defined, as security for the Initial Note and any other Notes issued thereunder (herein collectively referred to as the "Notes").

The Original Bonds are all issued under and equally and ratably secured by and entitled to the security of a Trust Indenture dated as of December 1, 1981 (hereinafter referred to as the "Indenture") duly executed and delivered by the Issuer to Fort Wayne National Bank, as Trustee (the term "Trustee" where used herein referring to said Trustee or its successors), pursuant to which Indenture the Initial Note and all rights of the Issuer under the Mortgage, except the rights to payment for expenses, indemnity rights and the rights to perform certain discretionary acts, are pledged and assigned by the Issuer to the Trustee as security for the Original Bonds. The original bonds are further secured by an Irrevocable Letter of Credit, issued by Fort Wayne National Bank (the "Bank"), in the maximum amount of $_____, representing the full principal amount of the Original Bonds, 6 1/2 months' interest on the Original Bonds, plus a maximum premium of 8% of the principal amount thereof. It is provided in the Indenture that the Issuer may hereafter issue Additional Bonds (as defined in the Indenture) from time to time under certain terms and conditions contained therein, and if issued, such Additional Bonds will rank pari passu with the Bonds. (Such Additional Bonds and the Original Bonds are hereinafter collectively referred to as the "Bonds.")

Under the same terms and conditions contained in the Loan Agreement the Company may also issue obligations ("Parity Obligations") standing on a parity and equality with the Bonds in the lien created by the Loan Agreement on the Mortgaged Property. Reference is made to the Indenture and to all indentures supplemental thereto and to the Loan Agreement for a description of the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee,

the rights of the holders of the Bonds and Parity Obligations, the issuance of Additional Bonds and Parity Obligations and the terms on which the Bonds and Parity Obligations are or may be issued and secured, and to all the provisions of which the holder hereof by the acceptance of this Bond assents.

This Bond is transferable by the registered holder hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds without coupons of the same series and the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Issuer and the Trustee may deem and treat the registered holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes and neither the Issuer nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

The Original Bonds are issuable as coupon Bonds registrable as to principal only in the denomination of $5,000 and as registered Bonds without coupons in denominations of $5,000 and any authorized multiple thereof. Subject to the limitations and upon payment of the charges provided in the Indenture, registered Bonds without coupons may be exchanged for a like aggregate principal amount of coupon Bonds of the same series and the same maturity, bearing all unmatured coupons (and any matured coupons in default) or for a like aggregate principal amount of registered Bonds without coupons of the same series and the same maturity of authorized denominations.

The Bonds and Parity Obligations may be redeemed upon the occurrence of certain events described in Section 5.2 of the Loan Agreement. When called for redemption as a result of any such event, the Bonds and Parity Obligations shall be subject to redemption by the Issuer in whole or in part, in the inverse order of their maturities (less than all of said Bonds or Parity Obligations of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at a redemption price of 100% of the principal amount of the Bonds and Parity Obligations being redeemed plus accrued interest to the redemption date.

In the event the Company shall be obligated to prepay the Loan as provided in Section 5.2(b) of the Loan Agreement, all the outstanding Original Bonds shall be subject to redemption by Issuer at 100% of the principal amount thereof, plus a premium equal to an additional 8% of the principal amount thereof, plus accrued interest to the redemption date. The Company shall be obligated in any event to prepay the Initial Note within one hundred eighty (180) days after such determination provided for in Section 5.2(b) has been made.

The Original Bonds are also subject to redemption prior to maturity at the option of the Issuer on any interest payment date occurring on or after June 1, 1989, in whole or in part, in the inverse order of their maturities (less than all of the Original Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of the principal amount of Original Bonds being redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
June 1, 1989 and December 1, 1989	105%
June 1, 1990 and December 1, 1990	104
June 1, 1991 and December 1, 1991	103
June 1, 1992 and December 1, 1992	102
June 1, 1993	101

The Bonds maturing on December 1, 1993 are subject to mandatory redemption prior to maturity in part, by lot in such manner as may be designated by the Trustee, at par plus accrued interest to the date fixed for redemption, without premium, in amounts and on December 1 and June 1 in the years as follows:

Month and Year	Amount
June 1, 1984	$50,000
December 1, 1984	50,000
June 1, 1985	50,000
December 1, 1985	50,000
June 1, 1986	50,000
December 1, 1986	50,000
June 1, 1987	50,000
December 1, 1987	50,000
June 1, 1988	75,000
December 1, 1988	75,000
June 1, 1989	75,000
December 1, 1989	75,000
June 1, 1990	100,000

December 1, 1990	100,000
June 1, 1991	100,000
December 1, 1991	100,000
June 1, 1992	100,000
December 1, 1992	100,000
June 1, 1993	100,000
December 1, 1993*	100,000

*at maturity

In the event any of the Bonds are called for redemption as aforesaid, notice thereof identifying the Bonds to be redeemed will be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of Fort Wayne, Indiana, the first of which shall be published not less than thirty days nor more than forty-five days prior to the redemption date, and in the case of the redemption of Bonds at the time registered, upon mailing a copy of the redemption notice by registered or certified mail not less than thirty days nor more than forty-five days prior to the date fixed for redemption to the registered owner of the Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein with respect to any registered Bond, shall not affect the validity of any proceedings for the redemption of other Bonds. If all of the Bonds to be redeemed are at that time registered, notice by mailing given by registered or certified mail to the registered owner or owners thereof, at their addresses shown on the registration books, not less than thirty days nor more than forty-five days prior to the date fixed for redemption shall be sufficient and published notice of the call for redemption need not be given.

All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time, and shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

The Bonds, and the interest payable thereon, do not represent or constitute a debt of the Issuer within the meaning of the provisions of the constitution or statutes of the State

of Indiana or a pledge of the faith and credit of the Issuer. The Bonds, as to both principal and interest, are not an obligation of the State of Indiana, or of any political subdivision thereof, and are payable solely and only from the payments to be made on the Notes issued under the Loan Agreement pledged and assigned for their payment in accordance with the Indenture.

Upon the occurrence of an event of default under the Loan Agreement or the Indenture, the Trustee is required to draw upon and enforce its full remedies under the Letter of Credit and to apply such moneys received from the honoring of the Letter of Credit to the payment of the Bonds on the fifteenth day following the declaration of the event of default (the "Payment Date"). In such event, the Trustee shall give immediate notice to the Bondholders in the manner prescribed in Section 714 of the Indenture that the Trustee has enforced its full rights under the Letter of Credit, that the full payment of the principal of, premium, if any, and interest on the Bonds will be due from payments on the Letter of Credit on the Payment Date, and that, if moneys received from the honoring of the Letter of Credit are sufficient to pay the principal of, premium, if any, and interest on the Bonds on the Payment Date, interest will cease to accrue on the Bonds on the Payment Date.

The holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made to the extent and in the circumstances permitted by the Indenture.

It is hereby certified that all conditions, acts and things required to exist, happen and be performed under the laws of the State of Indiana and under the Indenture precedent to and in the issuance of this Bond, exist, have happened and have been performed, and that the issuance, authentication and delivery of this Bond have been duly authorized by the Issuer.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the

Indenture until the certificate of authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, the City of Fort Wayne has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal to be hereunto affixed manually or by facsimile and attested to by the manual or facsimile signature of its Clerk, all as of _____, ____.

CITY OF FORT WAYNE

By_____
Mayor

(Seal)

Attest:

_____
Clerk

(Form of Trustee's Certificate of Authentication)

This Bond is one of the Bonds described in the within mentioned Trust Indenture.

FORT WAYNE NATIONAL BANK, as Trustee

By_____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____
(Please Print or Typewrite Name and Address) _____ the within Bond and all rights and title _____ hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for

registration thereof, with full power of substitution in the premises.

_____

Dated: _____

(Form of Endorsement on Registered Bonds)

NOTICE: NO WRITING BELOW EXCEPT BY THE TRUSTEE

This Registered Bond is issued in lieu of or in exchange for Coupon Bond(s) of like interest rate and maturity, numbered _____ in the denomination of $5,000 each not contemporaneously outstanding aggregating the face value hereof; and Coupon Bond(s) aggregating the face value hereof (and bearing the above serial number(s) which has (have) been reserved for such Coupon Bond(s)) will be issued in exchange for this Registered Bond and upon surrender and cancellation thereof and upon payment of charges, all as provided in the within-mentioned Indenture.

(End of Bond Forms)

NOW, THEREFORE, THIS INDENTURE WITNESSETH: That in order to secure the payment of the principal of and interest and premium, if any, on the Bonds to be issued under this Indenture according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants and conditions herein and in said Bonds contained, and in order to declare the terms and conditions upon which the Bonds and the coupons for interest appertaining thereto are issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and for and in consideration of the mutual covenants herein contained, of the acceptance by the Trustee of the trust hereby created, and of the purchase and acceptance of the Bonds by the holders or obligees thereof, the Issuer has executed and delivered this Indenture, and by these presents does hereby convey, grant, assign, pledge and grant a security interest in, unto the Trustee, its successor or successors and its or their assigns forever, with power of sale, all and singular, the property, real and personal hereinafter described:

GRANTING CLAUSES

DIVISION I

The Initial Note, which has been endorsed by the Issuer to the order of the Trustee and pledged by the Issuer to the Trustee, and all sums payable in respect of the indebtedness evidenced thereby;

DIVISION II

All right, title and interest of the Issuer in and to the Loan Agreement (except the rights reserved to the Issuer and referred to in Section 3.1 thereof) and the Mortgaged Property referred to therein, which Mortgage has been recorded and filed concurrently with the recording and filing of this Indenture in the office of the Recorder of Allen County, Indiana.

SUBJECT, HOWEVER, to Permitted Encumbrances, as herein defined;

DIVISION III

All moneys and securities from time to time held by Trustee under the terms of this Indenture (except moneys or Qualified Investment deposited with Trustee pursuant to Section 1101 hereof) and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged,

assigned, or transferred as and for additional security hereunder by Issuer, Company or by anyone in their behalf, or with their written consent to Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD the same unto the Trustee, and its successor or successors and its or their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, to secure the payment of the Bonds to be issued hereunder, and premium, if any, payable upon redemption or prepayment thereof, and the interest payable thereon, and to secure also the observance and performance of all the terms, provisions, covenants and conditions of this Indenture, and for the equal and ratable benefit and security of all and singular the holders of all Bonds and coupons issued hereunder, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond or coupon or as between principal and interest, and it is hereby mutually covenanted and agreed that the terms and conditions upon which the Bonds and coupons are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become the holders thereof, and the trusts and conditions upon which the pledged moneys and revenues are to be held and disbursed, are as follows:

ARTICLE I

Definitions and Exhibits

Section 101. Terms Defined. In addition to the words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Bondholder" or "holder of a Bond" or "owner of a Bond" or any similar term means the holder of any coupon Bond not registered as to principal and the registered owner of any fully registered Bond or any coupon Bond registered as to principal.

"Company" means Lutheran Homes, Inc., an Indiana not-for-profit corporation, or any successor corporation.

"Construction Period" means the period of time from the date of the issuance of the Original Bonds to the date of the

receipt by the Trustee of the completion certificate of the Company referred to in Section 403(b) hereof.

The term "coupon" means any of the coupons issued hereunder evidencing the semiannual installments of interest on the applicable Bond or Bonds.

The term "event of default" means those events of default specified in and defined by Section 701 hereof.

"Indenture" means this instrument as originally executed or as it may from time to time be amended or supplemented pursuant to Article IX.

"Issuer" means City of Fort Wayne, a municipal corporation duly organized and validly existing under the laws of the State of Indiana.

"Mortgage" or "Loan Agreement" means the Loan Agreement, Mortgage and Security Agreement, dated as of December 1, 1981, from the Company to the Issuer and all amendments and supplements thereto.

"Outstanding" or "Bonds outstanding" means all Bonds which have been duly authenticated, and delivered by the Trustee under this Indenture, except:

(a) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash or investments (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof) shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee, shall have been filed with the Trustee; and

(c) Bonds in lieu of which others have been authenticated under Section 209.

"Trustee" means Fort Wayne National Bank, the party of the second part hereto, and any successor trustee or co-trustee.

Section 102. Rules of Interpretation. For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) "This Indenture" means this instrument as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular and the singular as well as the plural.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(5) Any terms not defined herein but defined in the Loan Agreement shall have the same meaning herein.

(6) The terms defined elsewhere in this Indenture shall have the meanings therein prescribed for them.

(7) This Indenture shall be interpreted and construed in accordance with the laws of the State of Indiana.

Section 103. Exhibit. The following Exhibit is attached to and by reference made a part of this Indenture:

Exhibit A: Legal description of the real estate being mortgaged.

(End of Article I)

ARTICLE II

The Bonds

Section 201. Authorized Amount of Original Bonds. No Bonds may be issued under the provisions of this Indenture except in accordance with this Article. The total principal amount of Original Bonds (other than Bonds issued in substitution therefor pursuant to Section 209 hereof) that may be issued is hereby expressly limited to $1,500,000. Additional Bonds may be issued as provided in Section 208 hereof.

Section 202. Issuance of Original Bonds. The Original Bonds shall be designated "Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project)." They shall bear interest from their respective dates and shall be issuable as coupon Bonds registrable as to principal only in the denomination of $5,000 and as fully registered Bonds without coupons in the denominations of $5,000 or any integral multiple thereof. Unless the Issuer shall otherwise direct, the Original Bonds shall be lettered and numbered as follows: the coupon Original Bonds shall be numbered from C-1 upward, and the fully registered Original Bonds shall be lettered and numbered R-1 and upward.

The coupon Original Bonds shall be dated December 1, 1981. Each fully registered Original Bond shall be dated as of the interest payment date to which interest has been paid as of the date on which it is authenticated or if it is authenticated prior to the first day on which interest is to be paid, it shall be dated December 1, 1981. Interest on the Original Bonds shall be payable on June 1 and December 1 of each year commencing June 1, 1982.

Interest on the Bonds shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds maturing on December 1, 1993 are subject to mandatory redemption prior to maturity in part, by lot in such manner as may be designated by the Trustee, at par plus accrued interest to the date fixed for redemption, without premium, in amounts and on December 1 and June 1 in the years as follows:

Month and Year	Amount
June 1, 1984	$50,000
December 1, 1984	50,000
June 1, 1985	50,000
December 1, 1985	50,000

June 1, 1986	50,000
December 1, 1986	50,000
June 1, 1987	50,000
December 1, 1987	50,000
June 1, 1988	75,000
December 1, 1988	75,000
June 1, 1989	75,000
December 1, 1989	75,000
June 1, 1990	100,000
December 1, 1990	100,000
June 1, 1991	100,000
December 1, 1991	100,000
June 1, 1992	100,000
December 1, 1992	100,000
June 1, 1993	100,000
December 1, 1993*	100,000

*at maturity

Section 203. Payment on Bonds. The principal of, premium, if any, and interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. Such principal, premium, if any, and interest on Bonds of all series shall be payable at the principal office of the Trustee, or of any alternate paying agent named in any such Bonds or subsequently appointed. Payment of the interest on the coupon Bonds of any such series shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively falls due. Payment of the interest on any fully registered Bond of any such series on any interest payment date shall be made to the person appearing on the Bond registration books of the Trustee as the registered owner thereof and shall be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such other address as is furnished the Trustee in writing by such holder.

Section 204. Execution; Limited Obligation. The Bonds and any coupons appertaining thereto shall be executed on behalf of the Issuer with the manual or facsimile signature of its Mayor and attested with the manual or the facsimile signature of its Clerk and shall have impressed or printed thereon the corporate seal of the Issuer. Such facsimiles shall have the same force and effect as if such officer had manually signed each of said Bonds and coupons. In case any officer whose signature or facsimile signature shall appear on the Bonds or coupons shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall, nevertheless, be valid

and sufficient for all purposes, the same as if he had remained in office until delivery.

The Bonds, together with interest thereon, shall be limited obligations of the Issuer payable solely from the payments to be made on the Notes (except to the extent paid out of moneys attributable to the Bond proceeds or the income from the temporary investment thereof and under certain circumstances proceeds from insurance and condemnation awards) and shall be a valid claim of the respective holders thereof only against the moneys held by the Trustee and the payments to be made on the Notes which are hereby pledged and assigned for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture.

Section 205. Authentication. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until the certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder. Before authenticating or delivering any coupon Bonds, the Trustee shall detach and cancel all matured coupons (and as to which the interest is not in default), if any, appertaining thereto, and such cancelled coupons shall be cremated or otherwise destroyed by the Trustee. The Trustee shall provide the Issuer and the Company a certificate certifying such cremation or other destruction.

Section 206. Form of Bonds. The Bonds issued under this Indenture and the coupons attached thereto shall be substantially in the form hereinabove set forth with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or deemed necessary by the Trustee.

Section 207. Delivery of Original Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee Original Bonds in the aggregate principal amount of $1,500,000. The Trustee shall

authenticate such Bonds and deliver them to the Original Purchaser upon receipt of:

1. A copy, duly certified by the Clerk of the Issuer, of the ordinance adopted and approved by the Issuer authorizing the execution and delivery of the Loan Agreement and this Indenture and the issuance of the Original Bonds.

2. An executed counterpart of the Loan Agreement and Indenture.

3. The Initial Note in the same principal amount as the aggregate principal amount of the Original Bonds duly executed by the Company and endorsed by the Issuer to the order of the Trustee.

4. An ALTA Mortgagee title insurance policy (or a commitment therefor) in the face amount of $1,500,000 issued by a company duly authorized to issue the same insuring that the Trustee has a first mortgage lien on the real estate described in Exhibit A hereto subject to Permitted Encumbrances.

5. The written opinion of Counsel expressing the conclusion that the Company has good and marketable title to the real estate described in Exhibit A hereto (subject to the lien of the Mortgage and this Indenture and other Permitted Encumbrances).

6. A Written Request of the Issuer to the Trustee requesting the Trustee to authenticate and deliver the Original Bonds in the aggregate principal amount of $1,500,000, to the purchasers thereof.

7. The Letter of Credit.

The proceeds of the Original Bonds, including accrued interest thereon to the date of delivery, shall be paid over to the Trustee and deposited to the credit of various Funds as hereinafter provided under Section 301 hereof.

Section 208. Issuance of Additional Bonds. One or more series of bonds in addition to the Original Bonds, (herein referred to as "Additional Bonds"), may be authenticated and delivered from time to time for one or more of the purposes of (i) refunding entirely one or more series of Parity Obligations or one or more series of Bonds outstanding hereunder, if such Bonds or Parity Obligations may otherwise be refunded, (ii)

advance refunding entirely one or more series of Parity Obligations or one or more series of Bonds outstanding hereunder, regardless of whether such Bonds or Parity Obligations may otherwise be refunded, if the same is then permitted by law by depositing with the Trustee, in trust for the sole benefit of such series of Bonds or Parity Obligations, cash or investments (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof) in a principal amount which will, together with the income or increment to accrue thereon, be sufficient to pay and redeem (when redeemable) and discharge such series of Bonds or Parity Obligations at or before their respective maturity dates, and (iii) financing the cost or estimated cost of completing the Project or of acquiring, equipping and/or constructing additional improvements to the Project, and, in each case, obtaining additional funds to pay the costs to be incurred in connection with such Additional Bonds, to establish reserves with respect thereto and to pay interest during the estimated construction period of completing the additional improvements, if any. Each series of Additional Bonds issued hereunder shall be equal in aggregate principal amount to the principal amount of the Additional Note being then currently issued.

Prior to the delivery by the Issuer of any of such Additional Bonds there shall be filed with the Trustee:

1. A supplement to this Indenture executed by the Issuer and the Trustee authorizing the issuance of such Additional Bonds, specifying the terms thereof, pledging and assigning the Additional Note being then currently issued as security therefor and providing for the disposition of the proceeds of the sale thereof.

2. The supplement or amendment to the Loan Agreement and the other instruments, documents, certificates, and opinions referred to in Section 6.2 of the Loan Agreement.

3. The Additional Note being then concurrently issued, made payable to the order of the Issuer, duly executed by the Company and endorsed by the Issuer to the order of the Trustee.

4. A copy, duly certified by the Clerk of the Issuer, of the ordinance theretofore adopted and approved by the Issuer authorizing the execution and delivery of such supplemental indenture and such supplement to the Loan Agreement and the issuance of such Additional Bonds.

5. A Written Request of the Issuer to the Trustee to authenticate and deliver such Additional Bonds.

6. The agreement of the Bank to extend the payments on the Letter of Credit to include the proposed Additional Bonds in the same manner the Original Bonds are covered by the Letter of Credit.

Any Additional Bonds issued in accordance with the terms of this Section shall be secured by this Indenture and shall be equally and ratably payable from all Notes issued under the Loan Agreement, but such Additional Bonds may bear such date or dates, such interest rate or rates, and with such maturities, redemption dates and premiums as may be agreed upon by the Issuer and the purchaser of such Additional Bonds.

Section 209. Mutilated, Lost, Stolen, or Destroyed Bonds or Coupons. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed (which new Bond shall have attached thereto coupons corresponding in all respects to those, if any, on the Bond mutilated, lost, stolen or destroyed), and in the event any coupon is mutilated, lost, stolen or destroyed, the Issuer may execute a new coupon corresponding in all respects to that mutilated, lost, stolen, or destroyed; provided that, in the case of any mutilated coupon or Bond, such mutilated coupon or Bond together with all coupons (if any) appertaining thereto shall first be surrendered to the Issuer, and in the case of any lost, stolen or destroyed coupon or Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them.

In the event any such Bond or coupon shall have matured, instead of issuing a duplicate Bond or coupon the Issuer may pay the same without surrender thereof; provided, however, that in the case of a lost, stolen or destroyed coupon or Bond, there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. The Issuer and the Trustee may charge the holder or owner of such Bond or coupon with their reasonable fees and expenses in this connection. Any Bond or coupon issued pursuant to this Section 209 shall be deemed part of the original series of the Bond or coupon in respect of which it was issued and an original additional contractual obligation of the Issuer.

Section 210. Registration and Exchange of Bonds; Persons Treated as Owners. Upon presentation for registration of any coupon Bond, the Bond shall be registered as to principal in

the name of the holder and such registration shall be noted on the Bond. Any coupon Bond so registered shall be transferable on the bond register, upon presentation of such Bond for similar notation thereon, but the Bond may be discharged from registration by being in like manner transferred to bearer, whereupon transferability by delivery shall be restored. Coupon Bonds shall continue to be subject to successive registrations and discharges from registration at the option of the holders thereof. Coupon Bonds shall be transferable by delivery except while registered as to principal. Registration of any coupon Bond shall not affect the transferability of the coupons appertaining thereto, which shall continue to be payable to bearer and transferable by delivery.

The Issuer shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the registrar of the Issuer. Upon surrender for transfer of any fully registered Bond at the principal office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the registered owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same series and the same maturity for a like aggregate principal amount. Fully Registered Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of coupon Bonds (or for a like aggregate amount of fully registered Bonds of other authorized denominations) of the same series and the same maturity, and coupon Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same series and the same maturity. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default appertaining thereto). The Issuer shall execute and the Trustee shall authenticate and deliver coupon Bonds which the Bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding. The Bonds may be exchanged without cost to the Bondholders, except for any tax or governmental charge required to be paid with respect to the exchange. The execution by the Issuer of any fully registered Bond without coupons of any denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such registered Bond. The Trustee shall not be required to transfer or exchange any fully registered Bond

during the period of fifteen (15) days next preceding any interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of or mailing of notice calling such Bond for redemption has been made, nor during a period of fifteen (15) days next preceding publication of a notice of redemption of any Bonds.

Coupon Bonds and the unmatured coupons appertaining thereto surrendered to the Trustee for exchange pursuant to this Section 210 shall be held without cancellation by the Trustee and may be used for subsequent exchanges pursuant to this Section 210.

The Trustee shall not authenticate or deliver any coupon Bonds until all coupons thereon then matured (and as to which the interest is not in default) shall have been cancelled. Bonds and coupons surrendered for payment or redemption and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Issuer or the Company shall be promptly cancelled and destroyed by the Trustee. The Trustee shall deliver to the Issuer and the Company a certificate of destruction in respect of all Bonds and coupons so destroyed.

As to any fully registered Bond without coupons or any coupon Bond registered as to principal, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal (in the case of a coupon Bond registered as to principal) or principal or interest thereon, shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Issuer and the Trustee or any other paying agent may deem and treat the bearer of any coupon Bond and the bearer of any coupon appertaining to any Bond as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and neither the Issuer nor the Trustee nor any other paying agent shall be affected by any notice to the contrary.

(End of Article II)

ARTICLE III

Application of Original Bond Proceeds

Section 301. Deposit of Funds. The Issuer shall deposit with Trustee all proceeds from the sale of the Original Bonds (including accrued interest on such Bonds from their date to the date of their delivery). The Trustee shall make the following deposits from such proceeds and from deposits provided by the Company:

(a) The accrued interest on the Original Bonds shall be deposited in the Bond Fund.

(b) The balance of the proceeds of the Original Bonds shall be deposited in the Construction Fund.

(End of Article III)

ARTICLE IV

Revenue and Funds

Section 401. Source of Payment of Bonds. The Bonds herein authorized and all payments to be made by the Issuer hereunder are not general obligations of the Issuer but are limited obligations payable solely from the payments on the Notes and Parity Obligations as provided herein.

Section 402. Bond Fund. The Trustee shall establish and maintain, so long as any of the Bonds are outstanding, a separate fund to be known as the "City of Fort Wayne Economic Development Revenue Bond Fund (Lutheran Homes, Inc. Project)." Money in the Bond Fund shall be applied as hereinafter provided.

There shall be deposited in the Bond Fund all accrued interest received at the time of the issuance and delivery of the Bonds. In addition, there shall be deposited in the Bond Fund, as and when received, (a) any amount in the Construction Fund directed to be paid into the Bond Fund under Section 3.22 of the Loan Agreement; (b) all payments received pursuant to the Notes; (c) all payments specified in Section 3.2 of the Loan Agreement; and (d) all other moneys received by Trustee under and pursuant to any of the provisions of the Agreement which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. Issuer hereby covenants and agrees that so long as any of the Bonds issued hereunder are outstanding it will deposit, or cause to be paid to Trustee for deposit in the Bond Fund for its account, sufficient sums from revenues and receipts derived from the Notes and Loan Agreement, promptly to meet and pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable. Nothing herein should be construed as requiring Issuer to deposit or cause to be paid to Trustee for deposit in the Bond Fund, funds from any source other than receipts derived from the Notes and Loan Agreement.

Moneys in the Bond Fund shall be used by the Trustee to pay interest, premium, if any, and principal on the Bonds as they become due. The Trustee shall transmit such funds to the paying agent for any series of Bonds or Parity Obligations in sufficient time to insure that such interest will be paid as it becomes due. Notwithstanding any provision herein to the contrary, if the Bank is required to honor the Letter of Credit by depositing in the Bond Fund moneys sufficient to redeem the Bonds on a future date, upon the full payment of the Bonds by the Trustee, any earnings realized on the investment of moneys paid by the Bank, to the extent not needed for redemption or payment of the Bonds, shall be repaid to the Bank.

Section 403. Construction Fund. The Issuer shall establish with the Trustee a separate account to be known as the "City of Fort Wayne Economic Development Revenue Construction Fund (Lutheran Homes, Inc. Project)", to the credit of which deposits are to be made as required by the provisions of paragraph (b) of Section 301 hereof.

(a) Disbursements from the Construction Fund. Moneys on deposit in the Construction Fund shall be paid out from time to time by the Trustee or upon the order of the Company in order to pay, or as reimbursement to the Company for payment made, for the Costs of Construction, or for the costs of issuing the Original Bonds in each case upon receipt by the Trustee of the following:

1. The Written Request of the Company:

(a) stating that the costs of an aggregate amount set forth in such Written Request have been made or incurred and were necessary for the acquiring, constructing or equipping of the Project and were made or incurred in accordance with the construction contracts, plans and specifications, or purchase contracts therefor then in effect and on file with the Trustee or that the amounts set forth in such written request are for allowable Costs of Issuance of the Bonds or for interest during construction of the Project;

(b) stating that the amount paid or to be paid, as set forth in such Written Request, is reasonable and represents a part of the amount payable for the costs of issuance of the Bonds or interest during construction of the Project or the costs of constructing or equipping the Project and that such payment was not paid in advance of the time, if any, fixed for payment and was made in accordance with the terms of any contracts applicable thereto and in accordance with usual and customary practice under existing conditions;

(c) stating that no part of the said costs was included in any Written Request previously filed with the Trustee under the provisions hereof.

(d) stating that, such costs are appropriate for the expenditure of proceeds of the Original Bonds under the Act; and

2. Except for the payment of costs of issuing the Bonds or for interest on the Bonds during construction of the Project, receipt of an endorsement to the title insurance policy required under Section 3.18 of the Loan Agreement to cover the costs included on all written requests previously filed.

(b) Progress Reports and Completion Certificate. The Company shall cause to be submitted to the Trustee monthly progress reports concerning the Project and shall deliver to the Issuer and the Trustee within ninety (90) days after the completion of the Project a completion certificate of its authorized Company representative:

(1) stating that the Project has been fully completed in accordance with the plans and specifications therefor, as then amended, and the date of completion; and

(2) stating that he has made such investigation of such sources of information as are deemed by him to be necessary, including pertinent records of the Company, and is of the opinion that the Project has been fully paid for and that no claim or claims exist against the Issuer or the Company or against the properties of either out of which a lien based on furnishing labor or material for the Project exists or might ripen; provided, however, there may be excepted from the foregoing statement any claim or claims out of which a lien exists or might ripen in the event that the Company intends to contest such claim or claims, in which event such claim or claims shall be described; provided, further, however, that it shall be stated that funds are on deposit in the Construction Fund sufficient to make payment of the full amount which might in any event be payable in order to satisfy such claim or claims.

In the event such certificate shall state that there is a claim or claims in controversy which create or might ripen into a lien, there shall be filed with the Issuer and the Trustee a certificate of the Company when and as such claim or claims shall have been fully paid.

(c) Disposition of Construction Fund Moneys After Completion. If, after payment by the Trustee of all orders theretofore tendered to the Trustee under the provisions of subparagraph (a) of this Section 403 and after receipt by the Trustee of the completion certificate mentioned in

subparagraph (b) of this Section 403, there shall remain any balance of moneys in the Construction Fund, Trustee shall transfer all moneys then in the Construction Fund (except moneys reserved to pay any disputed claims described in the completion certificate required in Section 403(b) hereof) to the Bond Fund. Trustee, as directed by Company, shall use any amount transferred to the Bond Fund from the Original Bonds, together with interest thereon, to pay the principal of, or to redeem Original Bonds at the earliest redemption date, or upon receipt of an opinion from Bond Counsel to the effect that such use would not cause interest on the Original Bonds to become taxable, for any other use so approved by Bond Counsel.

Section 404. Trust Funds. All moneys and securities received by the Trustee under the provisions of this Indenture, shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the Issuer or of the Company. Such moneys shall be held in trust and applied in accordance with the provisions of this Indenture.

The Issuer and the Trustee covenant that they will not, and will not cause the Company to, make any investment or do any other act or thing during the period that any Bonds are outstanding under this Indenture which would cause any of the Bonds to become or be classified as arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, (and any successor section of any subsequent federal income tax statute or code) and the regulations or public revenue rulings thereunder proposed or published in the Federal Register or as promulgated in final form. It is further understood and agreed that the Trustee shall not be required at any time to make any such investment or to do any such act.

Section 405. Investment. Moneys on deposit in the Funds and Accounts established in this Article IV hereof shall be invested as provided in Section 610 hereof.

End of Article IV)

ARTICLE V

Redemption of Bonds Before Maturity

Section 501. Redemption Dates and Prices.

(a) Optional Redemption of All Bonds. The Bonds and Parity Obligations are callable for redemption upon the occurrence of the events described in Section 5.2 of the Mortgage. If called for redemption in such events, such Bonds and Parity Obligations shall be subject to redemption in whole at any time and in part (and if in part in inverse order of maturities and by lot within a maturity) on any interest payment date at the principal amount thereof plus accrued interest to the redemption date.

(b) Mandatory Redemption of Original Bonds Due to Loss of Tax Exemption. In the event the Company shall be obligated to prepay the Loan as provided in Section 5.2(b) of the Loan Agreement, all the outstanding Original Bonds shall be subject to redemption by Issuer at 100% of the principal amount thereof, plus a premium equal to an additional 8% of the principal amount thereof, plus accrued interest to the redemption date. The Company shall be obligated in any event to prepay the Initial Note within one hundred eighty (180) days after such determination provided for in Section 5.2(b) has been made.

(c) Optional Redemption of Original Bonds. The Original Bonds are also subject to redemption prior to maturity at the option of the Issuer at the direction of the Company on any interest payment date occurring on or after June 1, 1989, in whole or in part in the inverse order of their maturities (less than all of the Bonds of a single maturity to be selected by lot in such manner as may be designated by the Trustee), at the redemption prices (expressed as percentages of the principal amount of Bonds being redeemed) set forth in the table below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
June 1, 1989 and December 1, 1989	105%
June 1, 1990 and December 1, 1990	104
June 1, 1991 and December 1, 1991	103
June 1, 1992 and December 1, 1992	102
June 1, 1993	101

(d) Mandatory Redemption by Lots. The Series 1981 Bonds maturing on December 1, 1993, are subject to mandatory redemption prior to maturity in part, by lot in such manner as may be

designated by the Trustee, at par plus accrued interest to the date fixed for redemption, without premium, in amounts and on June 1 and December 1 in the years as follows:

Month and Year	Amount
June 1, 1984	$50,000
December 1, 1984	50,000
June 1, 1985	50,000
December 1, 1985	50,000
June 1, 1986	50,000
December 1, 1986	50,000
June 1, 1987	50,000
December 1, 1987	50,000
June 1, 1988	75,000
December 1, 1988	75,000
June 1, 1989	75,000
December 1, 1989	75,000
June 1, 1990	100,000
December 1, 1990	100,000
June 1, 1991	100,000
December 1, 1991	100,000
June 1, 1992	100,000
December 1, 1992	100,000
June 1, 1993	100,000
December 1, 1993*	100,000

*at maturity

Upon any redemption, the Series 1981 Bonds to be redeemed will be selected by lot in such manner as the Trustee may determine.

(e) If funds are deposited in the Bond Fund for redemption of Bonds pursuant to Sections 3.18, 3.22, 3.23, 3.24, 4.1 and 4.2 of the Loan Agreement, the Bonds shall be subject to redemption by Issuer on any interest payment date, in whole or in part (in inverse order of maturities and by lot within maturities in such manner as Trustee may determine), at 100% of the principal amount thereof plus accrued interest to the redemption date.

(f) It is hereby understood that a payment of the Bonds because of an honoring of the Letter of Credit shall not be considered a redemption of the Bonds and no premium shall be due because of such redemption.

Section 502. Notice of Redemption. In the case of redemption of Bonds, notice of the call for any such redemption identifying the Bonds, or portions of fully registered Bonds,

to be redeemed shall be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of Fort Wayne, Indiana, the first of which shall be published not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date, and in the case of the redemption of such Bonds at the time registered, upon mailing a copy of the redemption notice by registered or certified mail not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such registered Bond shall not affect the validity of any proceedings for the redemption of other Bonds. If all of such Bonds to be redeemed are at that time registered, such publication need not be made if such notice by mailing is so given, and failure duly to give such notice by mailing, or any defect in giving the notice, to the owner of any such Bond designated for redemption shall not affect the validity of the proceedings for redemption of any other such Bonds. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for redemption in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

On and after the redemption date specified in the aforesaid notice, such Bonds, or portions thereof, thus called (provided funds for their redemption are on deposit at the place of payment) shall not bear interest, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture, and the holders thereof shall have the right only to receive the redemption price thereof plus accrued interest thereon to the date fixed for redemption.

Section 503. Cancellation. All Bonds which have been redeemed shall be cancelled and cremated or otherwise destroyed by the Trustee together with any unmatured coupons appertaining thereto and shall not be reissued and a counterpart of the certificate of cremation or other destruction evidencing such cremation or other destruction shall be furnished by the Trustee to the Issuer and the Company; provided, however, that one or more new fully registered Bonds shall be issued for the unredeemed portion of any fully registered Bond without charge to the holder thereof.

Section 504. Unpaid Coupons. All unpaid interest coupons which appertain to Bonds so called for redemption and which shall have become payable on or prior to the date fixed for redemption shall continue to be payable to the bearers thereof severally and respectively upon the presentation and surrender of such coupons as provided in Section 203 hereof. All coupons, if any, for interest maturing subsequent to such date shall be void.

Section 505. Redemption Payments. Prior to the date fixed for redemption, funds shall be deposited with Trustee to pay, and Trustee is hereby authorized and directed to apply such funds to the payment of the Bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required premium. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. No payment shall be made by Trustee upon any Bond or portion thereof called for redemption until such Bond and all coupons appertaining thereto, if any, (representing interest which would except for such redemption have accrued from and after the redemption date) shall have been delivered for payment or cancellation or Trustee shall have received the items required by Section 2.07 hereof with respect to any mutilated, lost, stolen or destroyed Bond or coupon appertaining to the coupon Bonds, if any.

Section 506. Partial Redemption of Bonds. If less than all of the Bonds at the time outstanding are to be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected by lot (meaning also random selection by computer) by the Trustee in such manner as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Bonds or portions thereof as will, as nearly as practicable, exhaust the moneys available therefor. Particular Bonds or portions thereof shall be redeemed only in the principal amount of $5,000 each.

If less than the entire principal amount of any registered Bond without coupons then outstanding is called for redemption, then upon notice of redemption given as provided in Section 506 hereof, the owner of such registered Bond without coupons shall forthwith surrender such Bond to the Trustee in exchange for (a) payment of the redemption price of, plus accrued interest on the principal amount called for redemption and (b) a new

Bond or Bonds of like series in an aggregate principal amount equal to the unredeemed balance of the principal amount of such registered Bond without coupons, which shall be issued without charge therefor.

End of Article V)

ARTICLE VI

General Covenants

Section 601. Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds and in the coupons appertaining thereto according to the true intent and meaning thereof. The principal, interest and premium, if any, on the Bonds are payable solely from the payments to be made on the Notes which payments are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds or coupons or in this Indenture should be considered as pledging any other funds or assets of the Issuer. The Bonds do not represent or constitute a debt of the Issuer within the meaning of the provisions of the constitution or statutes of the State of Indiana or a pledge of the full faith and credit of the Issuer or grant to the owners or holders thereof of any right to have the Issuer levy taxes or appropriate any funds for payment of the principal thereof or interest thereon.

Section 602. Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its members pertaining thereto. The Issuer represents that it is duly authorized under the constitution and laws of the State of Indiana to issue the Bonds authorized hereby and to execute this Indenture, and to pledge and assign the Initial Note and assign the Loan Agreement in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof and the coupons appertaining thereto in the hands of the bearers thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 603. Ownership; Instruments of Further Assurance. The Issuer represents that at the time of the pledge and assignment thereof it will lawfully own the Initial Note and that such pledge and assignment and the assignment of the Loan Agreement to the Trustee hereby made will be valid and lawful. The Issuer covenants that it will defend the title to the Initial Note and its interest in the Loan Agreement to the

Trustee, for the benefit of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto against the claims and demands of all persons whomsoever. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning and confirming unto the Trustee, the Initial Note, the Loan Agreement and all payments thereon and thereunder pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds.

Section 604. Recordation and Filing of Indenture, Loan Agreement and Security Instruments. The Issuer and the Trustee shall cause this Indenture, the Loan Agreement and all supplements thereto as well as such other security instruments, financing statements and all supplements thereto and other instruments as may be required from time to time to be kept recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the lien hereof and the security of the holders and owners of the Bonds and the bearers of the coupons appertaining thereto and the rights of the Trustee hereunder.

Section 605. Inspection of Books. The Issuer covenants and agrees that all books and documents in its possession relating to the Project and the revenues derived from the Project shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time designate.

Section 606. List of Bondholders. To the extent that such information shall be made known to the Trustee under the terms of this Section 606, it will keep on file at the principal office of the Trustee a list of names and addresses of the last known holders of all Bonds payable to bearer and believed to be held by each of such last known holders. To said list the Trustee shall add the names and addresses of the holders of all registered Bonds as shown on the registration books in the hands of the Trustee as Bond Registrar. Any Bondholder may request that his name and address be placed on said list by filing a written request with the Trustee, which request shall include a statement of the principal amount of Bonds held by such holder and the numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Company or by holders and/or owners (or a designated representative thereof) of 25% or more in principal

amount of Bonds then outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 607. Rights Under Loan Agreement. The Issuer agrees that the Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Loan Agreement (except the rights reserved to the Issuer under Section 3.1 thereof) for and on behalf of the Bondholders, whether or not the Issuer is in default hereunder.

Section 608. Designation of Additional Paying Agents. The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternative paying agents, if any, and for the making available of funds hereunder for the payment of such of the Bonds and coupons appertaining thereto as shall be presented when due at the principal office of the Trustee, or its successor in trust hereunder, or at the principal office of said alternate paying agents.

Section 609. Bonds to Remain Tax Exempt. Issuer and Trustee covenant and certify to each other and to and for the benefit of the purchasers of the Bonds that no use will be made of the proceeds from the issue and sale of the Bonds which would have caused the Bonds to be classified as arbitrage bonds within the meaning of Section 103(c)(2) of the Internal Revenue Code of 1954, as amended. Pursuant to such covenant, Issuer and Trustee each obligates itself throughout the term of the issue of the Bonds not to violate the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and any regulations promulgated thereunder.

Section 610. Investment of Funds. Moneys in the Bond Fund and Construction Fund may be invested in Qualified Investments, to the extent and in the manner provided for in Section 3.19 of the Loan Agreement. The Trustee shall not be liable or responsible for any loss resulting from any such investment. All income derived from the investment of moneys on deposit in any such Fund shall be deposited in the Fund from which such investment was made.

Section 611. Non-assignment of Notes. Pursuant to the Loan Agreement, Issuer has assigned the Initial Note to the Trustee. The Trustee represents that the Initial Note is being purchased for the purpose of investment and not with view to the distribution or resale thereof. Issuer and Trustee understand that the Initial Note has not been registered under the

Securities Act of 1933, as amended, and must be held by Issuer and Trustee indefinitely unless the Initial Note is subsequently registered under the Securities Act of 1933, as amended, or an exemption from such registration upon resale by Issuer or Trustee is available. Issuer and Trustee further understand and agree that the Company has no obligation to so register the Initial Note or effect compliance with Regulation A or any other exemption under the Securities Act of 1933, as amended. Issuer and Trustee further understand and agree that since the Company is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and does not intend to make "publicly available" the information referred to under Rule 15c 2-11 under the Securities Exchange Act of 1934, as amended, it is unlikely that Issuer or Trustee will be able to make public resale of the Initial Note; provided, however, that an assignment or endorsement of the Initial Note to the Bank upon the honoring of the Letter of Credit shall not be prohibited.

Section 612. Non-presentment of Bonds or Coupons, if any. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or in the event any coupon, if any, shall not be presented for payment at the due date thereof, if funds sufficient to pay any such Bond or coupon, if any, shall have been made available to Trustee for the benefit of the holder or holders thereof, all liability of Issuer to the holder thereof for the payment of such Bond or coupon, if any, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of Trustee to hold such funds for five (5) years without liability for interest thereon, for the benefit of the holder of such Bond, or the holder of such coupon, if any, as the case may be, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond or coupon, if any.

Any moneys so deposited with and held by the Trustee not so applied to the payment of Bonds and coupons, if any, within five (5) years after the date on which the same shall become due shall be repaid by Trustee to Company and thereafter Bondholders shall be entitled to look only to Company for payment, and then only to the extent of the amount so repaid, and Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money provided, however, that if any of said moneys deposited in the Bond Fund are, or were derived from, the proceeds of the Letter of Credit, and if the Company shall not have fully repaid to the Bank all of its

liabilities to the Bank with respect to the Letter of Credit, these moneys shall first be repaid to the Bank to the extent necessary to fully satisfy the Company's liabilities to the Bank, and any remaining balance shall be paid to the Company.

Section 613. Notice to Bank. In the event the Trustee has failed to receive payment on the Initial Note at the time specified in the Initial Note, the Trustee shall give the Bank prompt notice of said failure; provided, however, that the failure of the Trustee to give such notice or of the Bank to receive such notice in a timely fashion shall not relieve the Bank from its obligations under the Letter of Credit.

(End of Article VI)

ARTICLE VII

Remedies

Section 701. Events of Default. Each of the following events is hereby declared an "event of default," that is to say, if:

(a) payments of any installment of interest on any of the Bonds shall not be made when the same is due and payable; or

(b) payment of the principal or of the redemption premiums, if any, of any of the Bonds shall not be made when the same is due and payable, either at maturity or by proceedings for redemption or through failure to fulfill any payment to any Fund hereunder or otherwise; or

(c) any event of default as defined in Section 7.1 of the Loan Agreement shall occur and be continuing; or

(d)(i) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture or any agreement supplemental hereof on the part of the Issuer to be performed, and (ii) such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer and the Company by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then outstanding hereunder.

Section 702. Letter of Credit; Acceleration. Upon the happening of any event of default specified in Section 701 and the continuance of the same for the period, if any, specified in said Section the Trustee, by notice in writing delivered to the Issuer and the Company, shall enforce its full remedies under the Letter of Credit, simultaneously declare the entire principal amount of the Bonds then outstanding hereunder, and the interest accrued thereon, due and payable on the fifteenth day following such declaration (the "Payment Date"), and the said entire principal and interest shall thereupon become and be due and payable on such date.

Section 703. Remedies; Rights of Bondholders. Upon the occurrence of an event of default, and if the honoring of the

Letter of Credit has not fully paid the outstanding Bonds to the Payment Date, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then outstanding, to enforce any obligations of the Issuer hereunder, or to enforce its rights and remedies under the Letter of Credit.

If an event of default shall have occurred, and if requested so to do by the holders of twenty-five per cent (25%) in aggregate principal amount of Bonds then outstanding and indemnified as provided in Section 801 hereof, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver of any event of default or acquiescence therein, and every such right and power may be exercised from time to time as may be deemed expedient.

No waiver of any event of default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

Section 704. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture; and provided, further, however, that the Trustee is obligated hereunder to pursue its remedies under Section 702 hereof before any other remedies are sought.

Section 705. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest, and if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereof, without any discriminations or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over any other installment of interest or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of subsection (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the bearer of any unpaid coupon or the holder of any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 706. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Bonds or bearers of coupons, and any recovery of judgment shall, subject to the provisions of Section 705 hereof, be for the equal benefit of the holders of the outstanding Bonds and the bearers of the outstanding coupons.

Section 707. Rights and Remedies of Bondholders. No holder or bearer of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which

the Trustee has been notified as provided in subsection (g) of Section 801, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the Bank or the holders of twenty-five percent (25%) in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee (except for the remedies required by Section 702 hereof) indemnity as provided in Section 801, nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his, or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case (except for the remedies required by Section 702 hereof) at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders or bearers of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds then outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to enforce the covenants of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time, place, from the source and in the manner in said Bonds and the appurtenant coupons expressed.

Section 708. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Issuer, the Company and the Trustee shall be restored to their former positions and rights hereunder with respect to the Mortgaged Property, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 709. Waivers of Events of Default. (a) The Trustee may in its discretion waive any event of default hereunder and

its consequences and rescind any declaration of maturity of principal of and interest on the Bonds shall do so upon the written request of the holders of (1) a majority in aggregate principal amount of all the Bonds then outstanding in respect of which default in the payment of principal and/or premium, if any, and/or interest exists, or (2) a majority in aggregate principal amount of all Bonds then outstanding in the case of any other default; provided, however, that there shall not be waived (a) any event of default in the payment of the principal of any outstanding Bonds at the date of maturity specified therein, or (b) any default in the payment when due of the interest on any such Bonds unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such default shall have occurred on overdue installments of interest or all arrears of payments of principal and premium, if any, when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 710. Company's Right of Possession and Use of Mortgaged Property. So long as the Company is in full compliance with the terms and provisions of the Mortgage, the Company shall be suffered and permitted to possess, use and enjoy the properties and appurtenances constituting the Mortgaged Property free of claims of the Issuer and the Trustee.

Section 711. Waiver of Redemption; Effect of Sale of Mortgaged Property. The Issuer, to the extent permitted by law, shall not claim any rights under any stay, valuation, exemption or extension law, and hereby waives any right of redemption which it may have in respect of the Mortgaged Property. Upon the institution of any foreclosure proceedings or upon any sale of the Mortgaged Property, or any acceleration of the maturity of the Notes, the principal of all Bonds then outstanding hereunder, if not previously due and payable, shall without more become immediately due and payable.

Section 712. Cooperation of Issuer. Upon the occurrence of an event of default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Bondholders, including, without limitation, consenting to the sale

of the Mortgaged Property for the benefit of the Bondholders if such sale is otherwise permitted under the Loan Agreement.

Section 713. Notice of the Honoring of the Letter of Credit. In the event the Trustee shall have proceeded pursuant to Section 702 hereof to enforce the Letter of Credit, notice of such event identifying the Bonds, or portions of fully registered Bonds, to be paid shall be given by publication at least twice in a newspaper or financial journal of general circulation published in the City of Fort Wayne, Indiana, the first of which shall be published not less than seven (7) days prior to the Payment Date, and in the case of the payment of such Bonds at the time registered, upon mailing a copy of the notice by registered or certified mail not less than seven (7) days prior to the Payment Date to the registered owner of each Bond to be paid at the address shown on the registration books, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any such registered Bond shall not affect the validity of any proceedings for the payment of other Bonds. If all of such Bonds to be paid are at that time registered, such publication need not be made if such notice by mailing is so given, and failure duly to give such notice by mailing, or any defect in giving the notice, to the owner of any such Bond designated for payment shall not affect the validity of the proceedings for payment of any other such Bonds. If, because of the temporary or permanent suspension of the publication or general circulation of any newspaper or financial journal or for any other reason, it is impossible or impractical to publish such notice of call for payment in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of notice.

On and after the Payment Date specified in the aforesaid notice, such Bonds, or portions thereof, thus called (provided funds for their payment are on deposit at the place of payment) shall not bear interest, shall no longer be protected by this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture, and the holders thereof shall have the right only to receive the principal thereof plus premium, if any, and the accrued interest thereon to the Payment Date.

Notwithstanding the provisions of this Section to the contrary, if payments on the Letter of Credit are sufficient to pay the principal, interest and premium on the Bonds and Parity Obligations then outstanding to the Payment Date, the Bonds and Parity Obligations shall no longer be secured by the Letter of Credit, whether notice is properly given or not.

Section 714. Assignment to Bank. If the honoring of the Letter of Credit by the Bank shall fully pay the outstanding Bonds to the Payment Date, the Issuer authorizes the Trustee to assign all right, title and interest of the Issuer in the Loan Agreement and Notes to the Bank, and the Trustee is hereby directed to assign the Issuer's and the Trustee's right, title and interest in the Loan Agreement and Notes to the Bank.

(End of Article VII)

ARTICLE VIII

The Trustee

Section 801. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts as a corporate trustee ordinarily would perform said trusts under a corporate indenture, but no implied covenents or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Company). The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) Except as provided in Section 6.04 and other sections of the Indenture which impose duties and responsibilities on the Trustee, the Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or for insuring the property herein conveyed or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the property herein conveyed or otherwise as to the maintenance of the security hereof; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Company under the Loan Agreement; but the Trustee may require of the Issuer or the Company full information and advice as to the performance of the covenants, conditions and agreements aforesaid as to the condition of the property herein conveyed. The Trustee shall have no obligation to perform any of the duties of the Issuer under the Loan

Agreement, and the Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the provisions of this Indenture.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds and coupons secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer or the Company by its duly authorized officers as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (g) of this Section, or of which said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Secretary of the Issuer or the Company under its seal to the effect that an ordinance or resolution in the form therein set forth has been adopted by the Issuer or the Company as conclusive evidence that such ordinance or resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any event of default hereunder (other than payment of the principal and interest on the Bonds) unless the Trustee shall be specifically notified in writing of such default by the Issuer, the Bank, or by the holders of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(h) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the Mortgaged Property.

(i) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the Mortgaged Property and the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under this Section 801 the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability,

except liability which is adjudicated to have resulted from its negligence or willful default in connection with any action so taken.

(m) All moneys received by the Trustee or any paying agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(n) If any event of default under this Indenture shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

Section 802. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as paying agent and Bond Registrar for the Bonds and coupons but only as hereinabove provided. Upon an event of default, but only upon an event of default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred.

Section 803. Notice to Bondholders if Default Occurs. If an event of default occurs of which the Trustee is by subsection (g) of Section 801 hereof required to take notice or if notice of an event of default be given as in said subsection (g) provided, then the Trustee shall give written notice thereof by registered or certified mail to the last known holders of all Bonds then outstanding shown by the list of Bondholders required by the terms of this Indenture to be kept at the office of the Trustee.

Section 804. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of holders of the Bonds, the Trustee may intervene on behalf of Bondholders and, subject to the

provisions of Section 801(1), shall do so if requested in writing by the owners of at least twenty-five percent (25%) in aggregate principal amount of all Bonds then outstanding. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 805. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 806. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving thirty days' written notice to the Issuer and the Company and by registered or certified mail to each registered owner of Bonds then outstanding and to each holder of Bonds as shown by the list of Bondholders required by this Indenture to be kept at the office of the Trustee, and such resignation shall take effect at the end of such thirty (30) days, or upon the earlier appointment of a successor Trustee by the Bondholders or by the Issuer. Such notice to the Issuer and the Company may be served personally or sent by registered or certified mail.

Section 807. Removal of the Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer and signed by the owners of a majority in aggregate principal amount of Bonds then outstanding.

Section 808. Appointment of Successor Trustee by the Bondholders; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Bonds then outstanding, by an instrument or concurrent instruments in

writing signed by such owners, or by their attorneys-in-fact, duly authorized; provided, nevertheless, that in case of such vacancy, the Issuer, by an instrument executed by one of its duly authorized officers, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank, having a reported capital and surplus of not less than Five Million Dollars ($5,000,000) if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 809. Concerning Any Successor Trustees. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer and the Company an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article shall be filed and/or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed and/or recorded.

Section 810. Trustee Protected in Relying Upon Resolutions, etc. Subject to the conditions contained herein, the resolutions, ordinances, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

Section 811. Successor Trustee as Trustee of Funds, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee of the funds provided hereunder and Bond Registrar and paying agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Bond Registrar and paying agent.

Section 812. Trust Estate May be Vested in Separate or Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of Indiana) denying or restricting the right of banking corporations or associations to transact business as Trustees in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Mortgage, and in particular in case of the enforcement of either on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the

estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

(End of Article VIII)

ARTICLE IX

Supplemental Indentures

Section 901. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may without the consent of, or notice to, any of the Bondholders, but subject to the provision of Section 903 hereof, enter into an indenture or inden- tures supplemental to this Indenture, as shall not be incon- sistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of Section 208 hereof;

(b) To cure any ambiguity or formal defect or omission in this Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or any of them;

(d) To subject to this Indenture additional revenues, properties or collateral;

(e) To make any other change in this Indenture which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds; or

Section 902. Supplemental Indentures Requiring Consent of Bondholders. Exclusive of supplemental indentures covered by Section 901 hereof, and subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than fifty-one per cent of the amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwith- standing, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supple- mental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided however, that nothing in this section contained shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of paying of interest on, or reduction of any premium payable on

the redemption of, any Bonds, without the consent of the holder of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any sinking fund applicable to any Bonds without the consent of the holders of all the Bonds which would be affected by the action to be taken, or (c) the creation of any lien prior to or, except for the lien of Parity Obligations, on a parity with the lien of this Indenture without the consent of the holders of all the Bonds at the time outstanding, or (d) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time outstanding which would be affected by the action to be taken, or (e) a modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article, except under Section 9.01(f) hereof, which affects any rights of the Company shall not become effective unless and until the Company shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the Company at least fifteen (15) days prior to the proposed date of execution and delivery of any such supplemental indenture.

Section 903. Effect on Letter of Credit. The Company, the Trustee and the Issuer shall not consent to or enter into any amendment, modification, or supplement to this Indenture which adversely affects the Letter of Credit or the Trustee's ability to make presentation of the documents necessary to require the Bank to honor the Letter of Credit.

(End of Article IX)

ARTICLE X

Amendments to the Loan Agreement

Section 1001. Amendments, etc., to Loan Agreement Not Requiring Consent of Bondholders. The Issuer and the Trustee with the consent of the Company shall, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement and this Indenture, including particularly amendments to the Loan Agreement relating to the issuance of Additional Notes or Parity Obligations, or (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the holders of the Bonds.

Section 1002. Amendments, etc., to Loan Agreement Requiring Consent of Bondholders. Except for the amendments, changes or modifications as provided in Section 1001 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the written approval or consent of the holders of not less than fifty-one per cent (51%) in aggregate principal amount of the Bonds at the time outstanding given and procured as in Section 902 provided.

Section 1003. No Amendment May Alter Notes. Under no circumstances shall any amendment to the Loan Agreement alter the Notes or the payments of principal and interest thereon, without the consent of the holders of all the Bonds at the time outstanding.

Section 1004. Effect on Letter of Credit. The Company, the Issuer and the Trustee shall not consent to or enter into any amendment, modification, alteration, termination or supplement to the Loan Agreement which adversely affects the Letter of Credit or the Trustee's ability to make presentation of the documents necessary to require the Bank to honor the Letter of Credit.

(End of Article X)

ARTICLE XI

Miscellaneous

Section 1101. Satisfaction and Discharge. All rights and obligations of the Issuer under this Indenture shall terminate, and such instrument shall cease to be of further effect, and the Trustee shall cancel the Bonds and deliver them to the Issuer or the Company, shall execute and deliver all appropriate instruments evidencing and acknowledging the satisfaction of this Indenture, and shall assign and deliver to the Company (if the Notes have been paid) or to the Bank (if the Notes have not been paid) any moneys and investments in all Funds established hereunder (except moneys or investments held by the Trustee for the payment of principal of, interest on, or premium, if any, on the Bonds) when

(a) all fees and expenses of the Trustee and any paying agent shall have been paid;

(b) the Issuer shall have performed all of their covenants and promises in this Indenture; and

(c) all Bonds theretofore authenticated and delivered (i) have become due and payable, or (ii) are to be retired or called for redemption under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee at the expense of the Company, or (iii) have been delivered to the Trustee cancelled or for cancellation; and, in the case of (i) and (ii) above, there shall have been deposited with the Trustee either cash in an amount which shall be sufficient, or investments (but only to the extent that the full faith and credit of the United States of America are pledged to the timely payment thereof) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee, shall be sufficient, to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Bonds and prior to the redemption date or maturity date thereof, as the case may be.

Provided, however, none of the Bonds may be advance refunded if under any circumstances the interest on such refunded Bonds would become subject to Federal income taxation or if such advance refunding is not permitted by the laws of Indiana. In determining the foregoing, the Trustee may rely upon an opinion of a nationally recognized firm of municipal bond attorneys (which opinion may be based upon a ruling or rulings of the

Internal Revenue Service) to the effect that interest on the Bonds being refunded will not be subject to Federal income taxation, notwithstanding the satisfaction and discharge of this Indenture.

All outstanding Bonds and all interest due thereon shall, prior to maturity or redemption date, be deemed to have been paid if, under circumstances which do not render interest on the Bonds subject to Federal income taxation, there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or direct obligations of the United States of America or obligations the timely payment of principal of and interest on which are fully guaranteed by the United States of America, the principal of and the interest on which, when due, will provide moneys which, together with moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay, when due, the principal, premium, if any, or redemption price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption dates or maturity dates thereof.

Section 1102. Application of Trust Money. All money or investments deposited with or held by the Trustee pursuant to Section 1101 shall be held in trust for the holders of the Bonds, and applied by it, in accordance with the provisions of the Bonds and this Indenture, to the payment, either directly or through any paying agent, to the persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money or obligations need not be segregated from other funds except to the extent required by law.

Section 1103. Consents, etc., of Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be executed by such Bondholders in person or by agent appointed in writing. Provided, however, that wherever this Indenture or the Loan Agreement requires that any such consent or other action be taken by the holders of a specified percentage, fraction or majority of the Bonds outstanding, any such Bonds held by or for the account of the following persons shall not be deemed to be outstanding hereunder for the purpose of determining whether such requirement has been met: the Issuer, any of its members, the Company, or the directors, trustees, officers or members of the Company. For all other purposes, Bonds held by or for the account of such person shall be deemed to be outstanding hereunder. Proof of the execution of any such consent, request, direction,

approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of the holding by any person of Bonds and/or coupons transferable by delivery and the amounts and numbers of such Bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or bankers, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Bonds and/or coupons therein mentioned if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Bonds have been deposited with a bank, bankers or trust company, before taking any action based on such ownership. In lieu of the foregoing, the Trustee may accept other proofs of the foregoing as it shall deem appropriate.

For all purposes of this Indenture and of the proceedings for the enforcement hereof, such person shall be deemed to continue to be the holder of such Bond until the Trustee shall have received notice in writing to the contrary.

Section 1104. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture, or the Bonds is intended or shall be construed to give to any person other than the parties hereto, and the Company, and the holders of the Bonds and the bearers of coupons appertaining thereto, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Company and the holders of the Bonds and the bearers of such coupons as herein provided.

Section 1105. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections in this Indenture contained, shall not affect the remaining protions of this Indenture, or any part thereof.

Section 1106. Notices. All notices, demands, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, with proper address as indicated below. The Issuer, the Company, and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, demands, certificates or other communications to them shall be sent when required as contemplated by this Indenture. Until otherwise provided by the respective parties, all notices, demands, certificates and communications to each of them shall be addressed as follows:

To the Company:	Lutheran Homes, Inc. Attention: President 6701 South Anthony Boulevard Fort Wayne, Indiana
To the Issuer:	City of Fort Wayne Attention: Clerk City Hall Fort Wayne, Indiana
To the Trustee:	Fort Wayne National Bank Attention: Trust Department 110 West Berry Street Fort Wayne, Indiana 46802

Section 1107. Trustee as Paying Agent and Registrar. The Trustee is hereby designated and agrees to act as principal paying agent and Bond Registrar for and in respect to the Bonds.

Section 1108. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1109. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State of Indiana.

Section 1110. Immunity of Officers and Directors. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained against any past, present or future officer or director of the Issuer, or any incorporator, officer, director or trustee of any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, officers, directors or trustees as such is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and issuance of such Bonds.

Section 1111. Holidays. If any date for the payment of principal or interest on the Bonds is not a business day then such payment shall be due on the first business day thereafter.

IN WITNESS WHEREOF, the City of Fort Wayne has caused these presents to be signed in its name and behalf by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and to evidence its acceptance of the trusts hereby created, the Fort Wayne National Bank has caused these presence to be signed in its name and behalf by, its official seal to be hereunto affixed, and the same to be attested by, its duly

authorized officers, all as of the day and year first above written.

CITY OF FORT WAYNE

By_____
(Written Signature)

_____
(Printed Signature)
Winfield C. Moses, Jr., Mayor

Attest:

_____
(Written Signature)

_____
(Printed Signature)
Charles W. Westerman, Clerk

SEAL

FORT WAYNE NATIONAL BANK, as Trustee

By_____
(Written Signature)

_____
(Printed Signature)
_____, _____

Attest:

_____
(Written Signature)

_____
(Printed Signature)
_____, _____

SEAL

This instrument prepared by Thomas K. Downs, Ice Miller Donadio & Ryan, 10th Floor, 111 Monument Circle, Fort Wayne, Indiana 46204.

EXHIBIT A

DESCRIPTION OF MORTGAGED PROPERTY

PROJECT

LEGAL DESCRIPTION

The South 1,263.12 feet of the West 1,050 feet in the North half of the Southwest Quarter, except therefrom the South 485.7 feet of the West 250 feet, and except the South 205.8 feet of the East 392 feet of the West 642 feet, and except Part to City in Adams Township, Section 30, Township 30 North, Range 13 East, in Allen County, Indiana.

[subject to change with survey]

STATE OF INDIANA)
) SS:
COUNTY OF _____)

On this ____ day of _____, 1981, before me a notary public in and for said county and state, personally appeared _____, to me personally known and known to me to be the same person who executed the within and foregoing instrument, who being by me duly sworn, did depose, acknowledge and say: That he is _____ of Fort Wayne National Bank, the banking corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is the seal of said corporation; that said instrument was signed and sealed on behalf of the said corporation; and the said _____, the _____ of Fort Wayne National Bank acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 1981.

_____
(Written Signature)

_____
(Printed Signature)
Notary Public

My commission expires:

_____

My County of Residence is:

_____

(Seal)

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

On this ____ day of _____, 1981, before me a notary public in and for said county and state, personally appeared Winfield C. Moses, Jr. to me personally known and known to me to be the same person who executed the within and foregoing instrument, who, being by me duly sworn, did depose, acknowledge and say: That she resides in _____, Indiana; that she is the Mayor of City of Fort Wayne, the municipal corporation described in and which executed the foregoing instrument; that she knows the seal of said Issuer; that the seal affixed to said instrument is the seal of said Issuer; that said instrument was signed and sealed on behalf of said Issuer and the said Charles W. Westerman, Clerk, of City of Fort Wayne acknowledged the execution of said instrument to be the voluntary act and deed of said Issuer by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ____ day of _____, 1981.

_____
(Written Signature)

_____
(Printed Signature)
Notary Public

My commission expires: My County of Residence is:

_____ _____

(Seal)

LOAN AGREEMENT,
MORTGAGE AND SECURITY AGREEMENT

BETWEEN

LUTHERAN HOMES, INC.
Mortgagor

AND

CITY OF FORT WAYNE
Mortgagee

SERIES 1981 NOTES

Dated as of December 1, 1981

THIS INSTRUMENT ALSO CONSTITUTES A SECURITY AGREEMENT UNDER THE INDIANA UNIFORM COMMERCIAL CODE.

The rights of the City of Fort Wayne, hereunder have been assigned to Fort Wayne National Bank, as Trustee under a Trust Indenture dated as of December 1, 1981, from such City.

This instrument prepared by Thomas K. Downs, Ice Miller Donadio & Ryan, 10th Floor, 111 Monument Circle, Indianapolis, Indiana 46204.

TABLE OF CONTENTS

		Page
PARTIES		1
PRELIMINARY STATEMENT		1
GRANTING CLAUSES		2
ARTICLE I	DEFINITIONS AND EXHIBITS	
Section 1.1.	Terms Defined	4
Section 1.2.	Rules of Interpretation	8
Section 1.3.	Exhibits	9
ARTICLE II	REPRESENTATIONS; LOAN OF ORIGINAL BOND PROCEEDS	
Section 2.1.	Representations by Issuer	10
Section 2.2.	Representations by Company	10
Section 2.3.	Loan of Original Bond Proceeds by Issuer	13
ARTICLE III	PARTICULAR COVENANTS OF THE COMPANY	
Section 3.1.	Consent to Assignments to Trustee	14
Section 3.2.	Payment of Principal, Premium and Interest; Payments Pledged	14
Section 3.3.	Maintenance of Lien; Recording	15
Section 3.4.	Further Assurances; After-acquired Property	16
Section 3.5.	Merger, Etc.	16
Section 3.6.	Financial Statements, Etc.	17
Section 3.7.	Taxes, Charges and Assessments	18
Section 3.8.	Liens	19
Section 3.9.	Compliance with Orders, Ordinances, Etc.	19
Section 3.10.	Permitted Contests	19
Section 3.11.	Repairs, Maintenance and Alterations	20
Section 3.12.	Company Duties Under Indenture	20
Section 3.13.	Insurance	20
Section 3.14.	Trustee's Right to Perform Company's Covenants; Advances	22
Section 3.15.	Indemnity	23
Section 3.16.	Issuance of Substitute Notes	23

		Page
Section 3.17.	Payment of Expenses of Issuance of Original Bonds	24
Section 3.18.	Mortgagee Title Insurance Policy	24
Section 3.19.	Funding of Indenture Funds; Investments; Arbitrage Certificates	24
Section 3.20.	Other Amounts Payable by the Company	25
Section 3.21.	Credits on Notes	25
Section 3.22.	Completion of Project	26
Section 3.23.	Sale, Substitution, or Lease of Mortgaged Property	28
Section 3.24.	Substitution and Removal of Equipment	30
Section 3.25.	Right of Access to the Project or the Mortgaged Property	30
Section 3.26.	Granting of Easements	31
Section 3.27.	Tax Exempt Status of Bonds; Company to Avoid Industrial Development Bond Status	31
Section 3.28.	Payment of Fees on Letter of Credit	32
Section 3.29.	Letter of Credit	32
ARTICLE IV	DAMAGE, CONDEMNATION, AND LOSS OF TITLE	
Section 4.1.	Damage	33
Section 4.2.	Other Provisions with Respect to Net Proceeds	34
Section 4.3.	Insufficiency of Net Proceeds	34
ARTICLE V	PREPAYMENT OF NOTES AND PARITY OBLIGATIONS	
Section 5.1.	Prepayment Generally	35
Section 5.2.	Extraordinary Optional Prepayments; Mandatory Prepayment Due to Loss of Tax Exemption	35
Section 5.3.	Optional Prepayment of Initial Note	36
Section 5.4.	Notice of Prepayment	36
Section 5.5.	Amortization Schedules	37
Section 5.6.	Payment on Letter of Credit or Credit Agreement Not a Prepayment	37
ARTICLE VI	ADDITIONAL NOTES AND PARITY OBLIGATIONS	
Section 6.1.	Issuance of Additional Notes and Parity Obligations	38
Section 6.2.	Conditions to Issuance of Additional Notes and Parity Obligations	39
Section 6.3.	Issuer Not Obligated to Accept Additional Notes	40
Section 6.4.	Limitation on Notes and Parity Obligations	41

		Page
ARTICLE VII	EVENTS OF DEFAULT AND REMEDIES THEREFOR	
Section 7.1.	Events of Default	42
Section 7.2.	Foreclosure and Sale of Mortgaged Property	45
Section 7.3.	Sale a Bar	46
Section 7.4.	Receipt Sufficient Discharge for Purchaser	46
Section 7.5.	Sale to Accelerate Notes	46
Section 7.6.	Application of Proceeds of Sale	46
Section 7.7.	Payment of Defaulted Amounts on Demand of Trustee or Bank	47
Section 7.8.	Trustee or Bank May Enforce Demand	48
Section 7.9.	Trustee or Bank Entitled to Appointment of Receiver	49
Section 7.10.	Remedies Cumulative	50
Section 7.11.	Delay or Omission Not a Waiver	50
Section 7.12.	Waiver of Extension, Appraisement or Stay Laws	50
Section 7.13.	Remedies Subject to Provisions of Law	51
Section 7.14.	Remedies Under Uniform Commercial Code	51
Section 7.15.	Application of Proceeds of Letter of Credit	51
Section 7.16.	Assignment by Trustee	51
ARTICLE VIII	IMMUNITY OF MEMBERS, OFFICERS, DIRECTORS AND TRUSTEES	
Section 8.1.	Immunity	52
ARTICLE IX	SUPPLEMENTS AND AMENDMENTS TO THIS LOAN AGREEMENT	
Section 9.1.	Supplements and Amendments to this Loan Agreement	53
Section 9.2.	Effect on Letter of Credit	
ARTICLE X	DEFEASANCE	
Section 10.1.	Defeasance	54
ARTICLE XI	MISCELLANEOUS PROVISIONS	
Section 11.1.	Loan Agreement for Benefit of Parties Hereto	55
Section 11.2.	Severability	55
Section 11.3.	Limitation on Interest	55
Section 11.4.	Addresses for Notice and Demands	55
Section 11.5.	Successors and Assigns	56
Section 11.6.	Counterparts	56
Section 11.7.	Governing Law	56

	Page
TESTIMONIUM	57
SIGNATURES AND SEALS	57
ACKNOWLEDGMENTS	58
EXHIBIT A	60
EXHIBIT B	62

LOAN AGREEMENT, MORTGAGE AND SECURITY AGREEMENT

This is a LOAN AGREEMENT, MORTGAGE AND SECURITY AGREEMENT, dated as of December 1, 1981 (herein referred to sometimes as "this Loan Agreement" or "this Mortgage") between LUTHERAN HOMES, INC., a not-for-profit corporation duly organized and in good standing under the laws of the State of Indiana (the "Company"), as mortgagor, and the CITY OF FORT WAYNE (the "Issuer"), a municipal corporation duly organized and validly existing under the laws of the State of Indiana.

PRELIMINARY STATEMENT

The Indiana Code, Title 36, Article 7, Chapter 12 (the "Act"), has been enacted by the Legislature of Indiana; and

The Act provides that an issuer may pursuant to the Act issue revenue bonds and loan the proceeds thereof to a developer or user for the purpose of financing all costs of purchase or construction of facilities, including real and personal property, for diversification of economic development and promotion of job opportunities in or near such issuer, such revenue bonds being payable primarily from the revenues derived from the repayment of such loan; and

The Issuer intends to issue its Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project) (the "Original Bonds") in the aggregate principal amount of $1,500,000 pursuant to the Trust Indenture dated as of December 1, 1981 (the "Indenture") from the Issuer to Fort Wayne National Bank, as Trustee (the "Trustee"), and intends to loan the proceeds of the Original Bonds pursuant to the provisions of this Loan Agreement to the Company to finance certain economic development facilities (the "Project").

This Loan Agreement provides for the repayment by the Company of the loan of the proceeds of the Original Bonds and further provides (i) for the Company's repayment to be evidenced by the Company's Series 1981 Notes, Series 1981, (the "Initial Note") in substantially the form attached hereto as "Exhibit B," (ii) for such loan and the Initial Note to be secured by the mortgage and security interest herein provided, and (iii) for the issuance of the Letter of Credit herein provided.

Pursuant to the Indenture, the Issuer will pledge and assign the Initial Note and assign certain of its rights under this Loan Agreement as security for the Original Bonds. The

Original Bonds and any Additional Bonds issued under the Indenture will be payable solely out of (i) the payments to be made by the Company on the Initial Note and any other Notes issued hereunder, (ii) Bond proceeds and proceeds of condemnation and insurance or (iii) proceeds of the Letter of Credit (hereinafter defined).

GRANTING CLAUSES

In consideration of the premises, the loan of the proceeds of the Original Bonds to be made by the Issuer, the acceptance of the Initial Note by the Issuer, and of other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest payable on the Initial Note, any Additional Notes issued hereunder and any notes issued in substitution therefor (herein collectively referred to as the "Notes") and any Parity Obligations issued hereunder and the performance of all the covenants of the Company contained herein, the Company has executed and delivered this Loan Agreement and by these presents does assign, grant, mortgage and warrant and grant a security interest in, to the Issuer and its successors and assigns forever, all the Company's right, title and interest in, to and under any and all of the following described property (herein called the "Mortgaged Property"):

DIVISION I

The land described in Exhibit A hereto, together with the entire interest (whether now owned or hereafter acquired) in and to said land and the entire interest of the Company in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed, upon such land, including all right, title and interest of the Company, if any, in and to all building material, building equipment and fixtures permanently affixed to the real estate of every kind and nature whatsoever on said land or in any building, structure or improvement now or hereafter standing on said land, and the reversion or reversions, remainder or remainders, in and to said land, and together with the entire interest of the Company in and to all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances to said land, belonging or in any wise appertaining thereto, including without limitation the entire right, title and interest of the Company in, to and under any streets, ways, alleys, gores or strips of land adjoining said land, and all claims or demands whatsoever of the Company either in law or in equity, in possession or expectancy of, in and to said land, it being the intention of the parties hereto

that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Company and is permanently affixed or attached to said land, shall be and remain or become and constitute a portion of said land and the security covered by and subject to the lien of this Mortgage, and, subject to the terms and conditions of this Mortgage, together with all rents, income, revenues, issues and profits thereof;

SUBJECT, HOWEVER, to Permitted Encumbrances, as defined in Article I hereof;

DIVISION II

All equipment, fixtures, machinery and tangible personal property of the Company which are described in Exhibit A hereto and any substitutions and replacements therefor, whether now owned or hereafter acquired;

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security hereunder by the Company or by anyone in its behalf to the Issuer or the Trustee, including without limitation, funds of the Company held by the Trustee as security for the Bonds.

DIVISION IV

All moneys and securities from time to time held by Issuer or the Trustee under the terms of this Mortgage.

TO HAVE AND TO HOLD all and singular, the Mortgaged Property, whether now owned or hereafter acquired, unto the Issuer, its successors and assigns forever; provided, however, that this Mortgage is executed upon the express condition that if the Company shall pay or cause to be paid all indebtedness secured hereby and shall keep, perform and observe all and singular the covenants and promises expressed in the Notes and this Mortgage to be kept, performed and observed by the Company, then this Mortgage and the rights hereby granted shall cease, determine and be void; otherwise to remain in full force and effect.

The Company and the Issuer hereby further covenant and agree as follows:

ARTICLE I

Definitions and Exhibits

Section 1.1. Terms Defined. As used in this Mortgage, the following terms shall have the following meanings unless the context clearly otherwise requires:

"Act" means Indiana Code 36-7-12, as amended.

"Additional Bonds" means the additional parity Bonds authorized to be issued by the Issuer pursuant to Section 208 of the Indenture and any Bonds issued in substitution or replacement therefor.

"Bank" means Fort Wayne National Bank, or any permitted successor thereto or assignee thereof.

"Additional Notes" means the additional parity Series 1981 Notes, other than the Initial Note, authorized to be issued by the Company pursuant to the provisions of Article VI hereof.

"Bond Counsel" means a nationally recognized firm of municipal bond attorneys acceptable to the Trustee.

"Bonds" means the Original Bonds, the Additional Bonds and any other Bonds issued under the Indenture.

"Bond Fund" means the Bond Fund established by Section 402 of the Indenture.

"Commission" means the Fort Wayne Economic Development Commission, an economic development commission created by the Issuer.

"Company" means Lutheran Homes, Inc., a not-for-profit corporation duly organized and validly existing in good standing under the laws of the State of Indiana, or any successor thereto permitted under Section 3.5 hereof.

"Completion Date" means the date of completion of the Project, as that date is certified to the Trustee as provided in Section 3.22 hereof.

"Construction Fund" means the Construction Fund established by Section 403 of the Indenture.

"Costs of Construction" with respect to the Project shall be deemed to include those items included in Section 29 of the Act including, but not limited to:

(i) obligations of Issuer or of Company incurred for labor and materials (including obligations payable to Company) in connection with the acquisition, construction, installation and equipping of the Project;

(ii) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project;

(iii) all costs and expenses of site preparation, engineering services, including the costs of Issuer or Company for test borings, surveys, estimates, plans and specifications and preliminary investigation therefor, and for supervising construction, as well as for the performance of all other duties required by or consequent upon the proper construction of the Project;

(iv) all costs and expenses incurred in connection with the issuance of the Bonds for the purpose of providing funds for construction of the Project, including without limitation compensation and expenses of Trustee, underwriting and legal expenses of Trustee, underwriting and legal expenses and fees including without limitation those of the Bank, costs of printing and engraving, recording and filing fees;

(v) all costs and expenses which Issuer or Company shall be required to pay, under the terms of any contract or contracts, for the acquisition, construction, installation or equipping of the Project;

(vi) any sums required to reimburse Issuer or Company for advances made by either of them for any of the above items or for any other costs incurred and for work done by either of them which are properly chargeable to the Project; and

(vii) interest on the Original Bonds during the period of the construction of the Project.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for either the Issuer or the Company.

"Credit Agreement" means the agreement between the Company and the Bank, concerning the obligations of the Company for advances made by the Bank to the Trustee under the Letter of Credit or otherwise.

"Indenture" means the Trust Indenture dated as of December 1, 1981, from the Issuer to the Trustee and all amendments and supplements thereto.

"Initial Note" means the Series 1981 Note, Series 1981, of the Company in the principal amount of $1,500,000 in substantially the form attached hereto as Exhibit B which will be issued and delivered by the Company to the Issuer to evidence the loan of the proceeds of the Original Bonds and any Note issued in exchange therefor pursuant to Section 3.16 hereof.

"Issuer" means the City of Fort Wayne.

"Letter of Credit" means the Irrevocable Letter of Credit of the Bank, No. _____, issued to the Trustee on the date of the issuance and delivery of the Original Bonds, in the maximum aggregate amount of $_____, including any amendments thereto or supplements thereof permitted pursuant thereto and hereto.

"Loan" means the loan by the Issuer to the Company of the proceeds of the sale of the Original Bonds.

"Mortgaged Property" means the property described in the granting clauses hereof plus any additional property which shall have been subjected to the lien hereof pursuant to the provisions of Articles III and VI hereof.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys' fees and any extraordinary expenses of the Trustee or the Issuer) incurred in the collection of such gross proceeds.

"Notes" means the Initial Note, the Additional Notes and any Notes issued in exchange therefor pursuant to Section 3.16 hereof.

"Original Bonds" means the Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project) to be issued by the Issuer under the Indenture in the aggregate principal amount of $1,500,000 and any Bonds issued in substitution or replacement therefor.

"Outstanding," with reference to Bonds, means all Bonds theretofore issued and not yet paid and discharged under the terms of the Indenture and with reference to Notes and Parity Obligations, means all Notes and Parity Obligations theretofore issued and not yet paid and discharged under the terms of this Loan Agreement with respect to Notes and any Parity Instruments with respect to Parity Obligations.

"Parity Instruments" means instruments creating Parity Obligations.

"Parity Obligations" means any obligation of the Company to be entered into and standing on a parity and equality with the Notes in the lien created by this Loan Agreement in the Mortgaged Property.

"Permitted Encumbrances" means, as of any particular time, (i) any exception to title shown in Exhibit A hereto, (ii) liens for ad valorem taxes and special assessments or installments thereof not then delinquent, (iii) this Mortgage and the Indenture, (iv) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that will not materially interfere with or impair the operations being conducted on the real estate included in the Mortgaged Property, (v) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to such Mortgaged Property and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Company, (vi) zoning and building laws, ordinances or regulations and similar restrictions and liens arising in connection with workmen's compensation, unemployment insurance, taxes, assessments, statutory obligations or liens, social security legislation, undetermined liens and charges incidental to construction, or other similar charges arising in the ordinary course of operation and not overdue or, if overdue, being contested in good faith and such other liens and charges at the time required by law as a condition precedent to the transaction of the business of the Company or the exercise of any privileges or licenses of the Company; and (vii) any security interest or lien securing the Reimbursement Note.

"Project" means the economic development facilities described in Exhibit A hereto and made a part hereof.

"Qualified Investments" means investments in: (i) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations

the principal of and the interest on which are unconditionally guaranteed by, the United States of America; (ii) certificates of deposit issued by banks and mutual savings banks incorporated under the laws of any state of the United States and by national banking associations, including the Trustee; or (iii) repurchase agreements, entered into with banks and mutual savings banks incorporated under the laws of any state of the United States and in national banking associations, including the Trustee, that are collateralized by interest-bearing obligations described in clause (i) above.

"Trustee" means the trustee and/or co-trustee at the time serving as such under the Indenture.

"Written Request" with respect to the Company or the Issuer shall mean a request in writing signed by the President or other authorized officer of the Company or the Issuer, as the case may be.

Section 1.2. Rules of Interpretation. For all purposes of this Loan Agreement, except as otherwise expressly provided, or unless the context otherwise requires:

(1) "This Loan Agreement" or "this Mortgage" means this instrument as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular and the singular as well as the plural.

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as consistently applied.

(5) Any terms not defined herein but defined in the Indenture shall have the same meaning herein.

(6) The terms defined elsewhere in this Loan Agreement shall have the meanings therein prescribed for them.

(7) This Loan Agreement shall be interpreted and construed in accordance with the laws of the State of Indiana.

Section 1.3. Exhibits. The following Exhibits are attached to and by reference made a part of this Loan Agreement.

Exhibit A. Description of the Mortgage Property and Project.

Exhibit B. Form of Series 1981 Note.

(End of Article I)

ARTICLE II

Representations; Loan of Original Bond Proceeds

Section 2.1. Representations by Issuer. Issuer represents and warrants that:

(a) Issuer is a municipal corporation duly organized and duly existing under the laws of the State of Indiana. Under the provisions of the Act, Issuer is authorized to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. Issuer has been duly authorized to execute and deliver this Agreement. Issuer agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence.

(b) Issuer agrees to provide funds from the issuance of the Original Bonds for the acquiring, constructing, installing and equipping of the Project, as may be necessary, subject to the consideration of the Initial Note and the Company granting a mortgage and security interest on the Project to the Issuer, all for the benefit of the holders of the Bonds, to the end that industry and the economy may be diversified and job opportunities promoted, and to secure the Bonds by pledging its interest in this Loan Agreement and the Initial Note to the Trustee.

(c) The Issuer represents that the Initial Note will be assigned to the Trustee pursuant to the Indenture, and that except upon payment of the Letter of Credit, no further assignment is contemplated by the Issuer, since the Issuer recognizes that the Initial Note has not been registered under the Securities Act of 1933.

Section 2.2. Representations by Company. Company represents and warrants that:

(a) Company is a not-for-profit corporation duly incorporated, is qualified to transact business and is in good standing under the laws of the State of Indiana, is not in violation of any provision of its certificate of incorporation or its by-laws, has authority to operate a nursing care facility, has all requisite power and authority and all necessary licenses or certificates of need and permits to own and operate its properties and to carry on its business as now conducted, has not received notice and has no reasonable grounds to believe that it is in violation of any laws in any manner material to its

ability to perform its obligations under this Loan Agreement and the Initial Note, has power to enter into this Loan Agreement and the Initial Note and has duly authorized the execution and delivery of this Loan Agreement and the Initial Note by proper corporate action.

(b) The indication of interest by the Issuer on January 12, 1981 to issue its Original Bonds and loan the proceeds to Company for the purposes set forth herein has encouraged Company to locate the Project in or near the City of Fort Wayne, Indiana, and will promote diversification of economic development and create new job opportunities in the area. The Project, or any component thereof, has not been acquired or constructed by the Company prior to the adoption of the resolution of the legislative body of the Issuer on _____, 1981, with respect to the Project.

(c) All of the proceeds from the Original Bonds (including any income earned on the investment of such proceeds, but after reduction for costs of issuance and interest during construction of the Project) will be used for the acquisition, construction and improvement of land, buildings or machinery and equipment for the Project.

(d) The Company will not use any of the funds provided by the Issuer hereunder in such manner as to, or take or omit to take any action which would, impair the exemption of interest on the Original Bonds from Federal income taxation.

(e) The Company intends to operate or cause the Project to be operated as an economic development facility until the expiration or earlier termination of this Agreement as provided herein.

(f) The Project is of the type authorized and permitted by the Act.

(g) Neither the execution and delivery of this Loan Agreement, the consummation of the transactions contemplated hereby including execution and delivery of the Initial Note nor the fulfillment of or compliance with the terms and conditions of this Loan Agreement, conflicts with or results in a breach of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which Company is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any

liens, charges, or encumbrances whatsoever upon any of the property or assets of Company under the terms of any instrument or agreement.

(h) The Company represents and warrants that it is the lawful owner and is now lawfully seized and possessed of the Mortgaged Property (other than that not presently in existence), free and clear of all liens, security interests, charges or encumbrances whatever except Permitted Encumbrances, and has full power and lawful authority to mortgage and grant a security interest in the same to the Issuer; and that the Company has good and marketable title to the real estate included in the Mortgaged Property and will preserve, warrant and defend the same unto the Issuer against the claims of all persons and parties. This Mortgage constitutes a direct and valid first lien on such Mortgaged Property, subject only to Permitted Encumbrances.

(i) The Company represents and warrants that it is not a party to any litigation or regulatory proceeding which, if determined adversely to the Company, would have a material effect on the Company or its properties.

(j) The Company represents and warrants that, as of the date of delivery with respect to the Series 1981 Bonds: (i) it is an organization described in Section 501(c)(3) of the Code or in the corresponding provisions of prior law; (ii) it has received a letter or other notification from the Internal Revenue Service to that effect, a true and correct copy of which has been delivered to the Trustee; (iii) such letter or other notification has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (v) the facts and circumstances as represented to the Internal Revenue Service and on which such letter or other notification was based continue to exist; and (vi) it is exempt from federal income taxes under Section 501(a) of the Code.

(k) The Company represents and warrants that, as of the date of delivery with respect to the Series 1981 Bonds, it is a corporation organized and operated: (i) exclusively for educational or charitable purposes, (ii) not for pecuniary profit and (iii) with no part of its net earnings inuring to the benefit of any person, private stockholder or individual, all within the meaning, respectively of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended.

(l) The Company warrants that the recitals of fact and statements contained in this Loan Agreement with respect to it are true.

Section 2.3. Loan of Original Bond Proceeds by Issuer. Concurrently with the execution and delivery hereof, the Issuer is issuing the Original Bonds and is loaning the proceeds from the sale thereof to the Company by making the deposits and payments specified in Section 301 of the Indenture. Such loan is being evidenced by the execution and delivery by the Company of the Initial Note substantially in the form attached hereto as Exhibit B.

(End of Article II)

ARTICLE III

Particular Covenants of the Company

Section 3.1. Consent to Assignments to Trustee. The Company acknowledges and consents to the pledges and assignments of the Initial Note and the assignment of the Issuer's rights hereunder to the Trustee pursuant to the Indenture and to the Bank pursuant to the Letter of Credit and agrees that the Trustee and, after the honoring of the Letter of Credit, the Bank may enforce the rights, remedies and privileges granted to the Issuer hereunder other than the rights of the Issuer to decline to accept Additional Notes as set forth in Sections 6.1 and 6.3 hereof, to receive payments under Sections 3.15 and 3.20 hereof and to execute and deliver supplements and amendments to this Loan Agreement pursuant to Section 9.1 hereof.

Section 3.2. Payment of Principal, Premium and Interest; Payments Pledged. The Company will duly and punctually pay the principal of, premium, if any, and interest on the Notes and Parity Obligations at the rates and the places and in the manner mentioned in the Notes, in this Loan Agreement, in Parity Obligations and in Parity Instruments according to the true intent and meaning thereof and hereof.

The Company covenants and agrees with and for the express benefit of the Issuer, the Trustee and the holders of the Bonds and Parity Obligations that all payments pursuant hereto and to the Notes and Parity Obligations shall be made by the Company on or before the date the same become due, and the Company shall perform all of its other obligations, covenants and agreements hereunder, without notice or demand (except as provided herein), and without abatement, deduction, reduction, diminution, waiver, abrogation, set-off, counterclaim, recoupment, defense or other modification or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and regardless of any act of God, contingency, event or cause whatsoever, and irrespective (without limitation) of whether the Company's Mortgaged Property or to any part thereof is defective or nonexistent, or whether the Company's revenues are sufficient to make such payments, and notwithstanding any damage to, or loss, theft or destruction of, the Mortgaged Property or any part thereof, expiration of this Mortgage, any failure of consideration or frustration of purpose, the taking by eminent domain or otherwise of title to or of the right of temporary use of, all or any part of the Mortgaged Property, legal curtailment of the Company's use thereof, or whether with or without the approval of the Issuer, any change in the tax or

other laws of the United States of America, the State of Indiana, or any political subdivision of either thereof, any change in the Issuer's legal organization or status, or any default of the Issuer hereunder, and regardless of the invalidity of any portion of this Mortgage; and the Company hereby waives the provisions of any statute or other law now or hereafter in effect impairing or conflicting with any of its obligations, covenants or agreements under this Mortgage or which releases or purports to release the Company therefrom. Nothing in this Mortgage shall be construed as a waiver by the Company of any rights or claims the Company may have against the Issuer under this Mortgage or otherwise, but any recovery upon such rights and claims shall be had from the Issuer separately, it being the intent of this Mortgage that the Company shall be unconditionally and absolutely obligated without right of set-off or abatement, to perform fully all of its obligations, agreements and covenants under this Mortgage for the benefit of the holders of the Bonds and Parity Obligations.

It is understood and agreed that all payments made by Company pursuant to Section 3.2 hereof and the Notes are pledged to Trustee pursuant to the granting clauses of the Indenture. Company assents to such pledge, and hereby agrees that, as to Trustee, its obligation to make such payments shall be absolute and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by Issuer of any obligation to Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to Company by Issuer. Issuer hereby directs Company and Company hereby agrees to pay to Trustee at its principal office all said amounts payable by Company pursuant to Section 3.2 hereof and the Notes.

It is understood and agreed that Company shall be obligated to continue to pay the amounts specified herein and in the Notes whether or not the Project is damaged, destroyed or taken in condemnation and that there shall be no abatement of any such payments and other charges by reason thereof.

Section 3.3. Maintenance of Lien; Recording. The Company will, at its expense, take all necessary action to maintain and preserve the lien and security interest of this Mortgage so long as any Note is outstanding. The Company will, forthwith after the execution and delivery of this Mortgage and thereafter from time to time, cause this Mortgage and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to publish notice of and fully to protect the lien and security interest hereof upon, and the title of the

Company to, the Mortgaged Property; and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and further instruments that may be requested by the Issuer or Trustee for such publication and protection. The Company will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgement of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Mortgage and such instruments of further assurance.

Section 3.4. Further Assurances; After-acquired Property. (a) The Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all such further acts, deeds, conveyances, mortgages, assignments, transfers and assurances as the Issuer or Trustee reasonably may require for the better assuring, conveying, mortgaging, assigning and confirming unto the Issuer and the Trustee all and singular the Mortgaged Property as now or hereafter constituted.

(b) All right, title and interest of the Company in and to all improvements, betterments, renewals, substitutions and replacements of, the Mortgaged Property or any part thereof, hereafter constructed or acquired by the Company immediately upon such construction or acquisition, without any further mortgaging, conveyance or assignment, shall become and be part of the Mortgaged Property and shall be subject to the lien and security interest of this Mortgage and Parity Instruments as fully and completely and with the same effect as though now owned by the Company, but at any and all times the Company will execute and deliver to the Issuer any and all such further assurances, mortgages, conveyances or assignments therefor and other instruments with respect thereto as the Issuer may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Mortgage.

Section 3.5. Merger, Etc. During the term of this Mortgage, the Company will maintain its corporate existence and will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it; except, that the Company may, without violating the foregoing, consolidate with or merge

into another corporation, or permit one or more corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another corporation or corporations (and thereafter dissolve or not dissolve as the Company may elect) if the requirements set forth hereafter are complied with and there has been delivered to the Issuer and Trustee an opinion of Counsel stating that there has been said compliance:

(a) a corporation surviving such merger, resulting from such consolidation, or receiving such transferred assets has expressly assumed in writing all of the obligations of the Company contained in this Mortgage, and will not be in default of any of the provisions of this Mortgage; and

(b) the surviving, successor or transferee corporation must be a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, organized and existing under the laws of the State and exempt from federal income taxation under Section 501(a) of said code; and

(c) the liens created by the Indenture and this Mortgage will not in any manner be affected thereby. ~~and~~

Upon compliance with the foregoing conditions and delivery to the Issuer and Trustee of the opinion of Counsel required hereunder, the Issuer shall deliver to the Company an instrument releasing the Company from its obligations under this Mortgage.

Section 3.6. Financial Statements, Etc. The Company covenants that it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Company, in accordance with generally accepted principles of accounting consistently maintained, and will furnish to the Issuer and the Trustee, and also to any holder of Bonds (or to the accountants or agents of such holder) who shall request the same in writing and who at the time of such request shall hold Bonds in the aggregate amount of $50,000 or more within ninety (90) days after the last day of each fiscal year of the Company, the financial report of the Company prepared by the Company for such fiscal year, containing those financial statements customarily prescribed for companies of a similar type as the Company, including a balance sheet and income statement as of the end of such fiscal year, together with a separate written statement of the Company certifying that the Company has no knowledge of any default by the Company in the fulfillment of any of the terms, covenants, provisions or conditions of this Loan Agreement, or, if the Company shall

have knowledge of any such default or defaults, it shall disclose the same and the nature thereof.

The Company shall also furnish to the Trustee unaudited quarterly financial statements of the Company, including at least a balance sheet as of the end of such quarter and an income statement for such quarter.

In addition, the Company shall furnish such additional information as the Trustee, or any holder of Bonds in aggregate principal amount of $50,000 or more may reasonably request concerning the Company in order to enable the Trustee or such holder to determine whether the covenants, terms and provisions of this Loan Agreement have been complied with by the Company and for that purpose all pertinent financial books, documents and vouchers relating to its business affairs and properties shall at all times upon reasonable prior written notice during regular business hours be open to the inspection of such persons or their accountants or other agents (who may make copies of all or any part thereof) as shall from time to time be designated and compensated by the Trustee or such holder of the Bonds.

Without limiting the foregoing, the Company will permit the Trustee and any such holder (or such persons as such holder may designate) to visit and inspect, at the expense of the Trustee or such holder, any of the properties of the Company and to discuss the affairs, finances and accounts of the Company with its officers and independent accountants, all upon reasonable prior written notice and at such reasonable times and as often as the Trustee or such holder may reasonably desire.

Section 3.7. Taxes, Charges and Assessments. The Company covenants and agrees, subject to the provisions of Section 3.10 hereof, to pay or cause to be paid when the same shall become due or payable:

(a) all taxes and charges on account of the ownership, use, occupancy or operation of the Mortgaged Property, including but not limited to all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric light, power or other utility charges assessed or charged on or against such Mortgaged Property or on account of the Company's use or occupancy thereof or the activities conducted thereon or therein; and

(b) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed upon all or any part of such Mortgaged Property, or the interest of the Company therein.

If under applicable law any such tax, charge, fee, rate, imposition or assessment may at the option of the taxpayer be paid in installments, the Company may exercise such option.

Nothing contained herein shall be deemed to constitute an admission by the Company that the Company is liable for any tax, charge, fee, rate, imposition or assessment.

Section 3.8. Liens. Subject to the provisions of Section 3.10 hereof, the Company will not create or permit to be created or remain and will, at its cost and expense, promptly discharge all liens, security interests, encumbrances and charges on the Mortgaged Property or any part thereof other than Permitted Encumbrances.

Section 3.9. Compliance with Orders, Ordinances, Etc. Subject to the provisions of Section 3.10 hereof, the Company will, at its sole cost and expense, comply with all present and future laws, ordinances, orders, decrees, rules, regulations and requirements of every duly constituted governmental authority, commission and court and the officers thereof of which it has notice, and the failure to comply with which would materially and adversely affect the Mortgaged Property or the use, occupancy or condition thereof.

Section 3.10. Permitted Contests. The Company shall not be required to pay any tax, charge or assessment required to be paid under Section 3.7 hereof, nor to remove any lien, security interest, encumbrance or charge required to be removed under Section 3.8 hereof, nor to comply with any law, ordinance, order, decree, rule, regulation or requirement referred to in Section 3.9 hereof, so long as the Company shall in good faith and at its cost and expense contest the amount or validity thereof, or take other appropriate action with respect thereto, in an appropriate manner or by appropriate proceedings, which shall operate during the pendency thereof to prevent the collection of or other realization upon the tax, charge, assessment, lien, security interest or encumbrance so contested, and the sale, forfeiture or loss of the Mortgaged Property or any part thereof to satisfy the same; provided, that no such contest or action shall subject the Issuer or the Trustee to any liability unless the Company properly indemnifies the Issuer or the Trustee, as the case may be. While any such

matters are pending, the Company shall have the right to pay, remove or cause to be discharged or marked exempt the tax, charge, assessment, lien, security interest or encumbrance being contested. Each such contest shall be promptly prosecuted to final conclusion or settlement, and the Company will pay, and save the Issuer and the Trustee harmless against, all losses, judgments, decrees and costs (including attorneys' fees and expenses in connection therewith) and will, promptly after the final determination or settlement of such contest or action, pay and discharge the amounts which shall be levied, assessed or imposed or determined to be payable thereon, together with all penalties, fines, interests, costs and expenses thereon or in connection therewith.

Section 3.11. Repairs, Maintenance and Alterations. The Company will at its own cost and expense keep the Mortgaged Property in good repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operation will permit and will make all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary as well as extraordinary and foreseen as well as unforeseen, and all necessary replacements or renewals.

The Company shall have the right from time to time at its own cost and expense to make additions, alterations and changes, whether structural or non-structural (hereinafter collectively referred to as "alterations") in or to the Mortgaged Property, subject, however, in all cases to the following conditions:

(a) No building or buildings constituting a part of such Mortgaged Property shall be demolished or removed nor shall any alteration to such Mortgaged Property be made which would substantially impair the structural strength, utility or market value thereof, without in each case the prior written consent of the Trustee; and

(b) All alterations to such Mortgaged Property shall be located wholly within the boundary lines thereof.

Section 3.12. Company Duties Under Indenture. The Company agrees to perform all matters provided by the Indenture to be performed by the Company and to comply with all provisions of the Indenture applicable to the Company.

Section 3.13. Insurance. The Company shall maintain the following insurance at its sole cost and expense:

(a) Insurance against loss and/or damage to the Mortgaged Property under a policy or policies covering such risks as are

ordinarily insured against by similar companies, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke and uniform standard extended coverage and vandalism and malicious mischief endorsements, limited only as may be provided in the standard form of such endorsements at the time in use in the State of Indiana. Such insurance shall be for the lesser of (i) the full insurable value of such Mortgaged Property, or (ii) the optional redemption price of all Notes and Parity Obligations outstanding, but any such policy may have a deductible amount of not more than $50,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the Trustee. The term "full insurable value" shall mean the actual replacement cost of such Mortgaged Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and shall be determined from time to time at the request of the Trustee, but not more frequently than once every five years, by an architect, contractor, appraiser or appraisal company or one of the insurers, in any case, selected and paid for by the Company and approved by the Trustee.

(b) Comprehensive general public liability insurance for injuries to persons and/or property, in limits not less than, and with deductibles not greater than, that customarily carried by companies similarly situated.

(c) Workmen's compensation insurance respecting all employees of the Company in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure.

Each policy of insurance obtained pursuant hereto shall (i) be issued by one or more recognized, financially sound and responsible insurance companies qualified or authorized under the laws of the State of Indiana to assume the risks covered by such policy, (ii) name the Trustee, the Company and the Issuer as assureds, as their respective interests may appear, and (iii) provide that such policy shall not be can- celled without at least 10 days prior written notice to each assured named therein. With respect to the insurance required by subsection (a) above, the policy or policies shall provide that whenever the Net Proceeds resulting from a claim exceed $50,000, such Net Proceeds shall be payable to the Trustee, and if such Net Proceeds are equal to or less than $50,000, such Net Proceeds shall be payable directly to the Company. As to the insurance

required by subsections (b) and (c) above, the Net Proceeds shall be payable directly to the Company.

Upon the delivery of this Loan Agreement and thereafter not less than 10 days prior to the expiration dates of any policies, certificates, binders, or other evidence of insurance satisfactory to the Trustee given by the respective insurers of the policies provided for in subparagraphs (a) through (c) shall be delivered by the Company to the Trustee. If requested in writing by the Trustee, the Company shall furnish the Trustee with the schedule of premium payment dates and receipted bills or other evidence satisfactory to the Trustee of the payment when due of all premiums for all policies of insurance at any time required to be maintained hereunder. Upon reasonable prior written notice the Company will permit the Trustee to visit the offices of the Company and inspect the Company's insurance records including all policies of insurance maintained pursuant to this Section and to make copies of all or any part thereof.

Any of the foregoing insurance maintained by the Company pursuant hereto may be evidenced by one or more blanket insurance policies covering such Mortgaged Property and other property or assets of the Company, provided that any such policy shall specify that portion of the total coverage of such policy that is allocated to such Mortgaged Property and shall in all other respects comply with the requirements of this Section.

Section 3.14. Trustee's Right to Perform Company's Covenants; Advances. In the event the Company shall fail to (i) perform any covenant contained in Section 3.7 hereof, (ii) remove any lien, security interest, encumbrance or charge pursuant to Section 3.8 hereof, (iii) maintain the Mortgaged Property in repair pursuant to Section 3.11 hereof, (iv) procure the insurance required by Section 3.11 or 3.13 hereof, or (v) fail to make any other payment or perform any other act required to be performed hereunder, then and in each such case (unless the same is being contested or other appropriate action is being taken with respect thereto pursuant to Section 3.10 hereof), or (vi) fail to pay the fees of the Bank on the Letter of Credit as provided in Section 3.28 hereof, the Trustee, upon not less than 15 days prior written notice to the Company, may (but shall not be obligated to) remedy such default for the account of the Company and make advances for that purpose. No such performance or advance shall operate to release the Company from any such default, and any sums so advanced by the Trustee shall be repayable by the Company on demand and shall bear interest at two percent (2%) over the prime rate of interest publicly announced by Fort Wayne National Bank from the date of the advance until repaid.

Section 3.15. Indemnity. The Company will pay, and protect, indemnify and save the Issuer and the Trustee harmless from and against, all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses of the Issuer and the Trustee), causes of actions, suits, claims, demands and judgments of any nature arising from:

(1) any injury to or death of any person or damage to property in or upon the Mortgaged Property or Project, or resulting from or connected with the use, non-use, condition or occupancy of the Mortgaged Property or Project or a part thereof;

(2) violation of any agreement or condition of this Loan Agreement or the Indenture, except by the Issuer or the Trustee;

(3) violation of any contract, agreement or restriction by the Company relating to the Mortgaged Property or Project;

(4) violation of any law, ordinance or regulation arising out of the ownership, occupancy or use of the Mortgaged Property or Project or a part thereof;

(5) the construction or acquisition of the Project or the failure to acquire or construct the Project; and

(6) any statement or information concerning the Company, its officers and members or the Mortgaged Property or Project, contained in any statement or prospectus furnished to purchasers of any Bonds, that is untrue or incorrect in any material respect, and any omission from any such statement or prospectus of any statement or information which should be contained therein for the purpose for which the same is to be used or which is necessary to make statements therein concerning the Company, its officers and members not misleading in any material respect.

The foregoing shall not be construed to prohibit the Company from pursuing its remedies against either the Issuer or the Trustee for damages to the Company resulting from personal injury or property damage caused by the negligent or willful acts of either the Issuer or the Trustee.

Section 3.16. Issuance of Substitute Notes. Upon the surrender of any Note, the Company will execute and deliver to the holder thereof a new Note dated the date of the Note being surrendered but with appropriate notations thereon to reflect

payments of principal and interest thereon; provided, however, that there shall never be outstanding at any one time more than one Note of any one series.

Section 3.17. Payment of Expenses of Issuance of Original Bonds. The Company agrees to be liable for and pay for any recording expenses, trustee's acceptance fees, escrow and title insurance costs, reasonable legal fees, printing expenses and other fees and expenses incurred or to be incurred by or on behalf of the Issuer in connection with or as an incident to the issuance and sale of the Original Bonds. Pursuant to Sections 301 and 403 of the Indenture, the Issuer has authorized the use of certain proceeds of the Original Bonds to defray the Company's obligations under this Section.

Section 3.18. Mortgagee Title Insurance Policy. Concurrently with the issuance and sale of the Original Bonds the Company will deliver to the Trustee an ALTA policy of mortgagee title insurance (or a commitment therefor) in the amount of $1,500,000, issued by a title insurance company satisfactory to the Trustee, insuring that the Trustee has a first mortgage lien on the Mortgaged Property described in Exhibit A hereto, subject to the exceptions to title specifically set forth in Exhibit A hereto and to other Permitted Encumbrances, if any. Any Net Proceeds received from such policy (or commitment) shall be deposited in the Bond Fund and used to redeem Bonds as provided in Section 501(d) of the Indenture.

Section 3.19. Funding of Indenture Funds; Investments; Arbitrage Certificates. The Issuer shall direct the Trustee to deposit and pay the proceeds from the sale of the Original Bonds in the manner specified in Article III of the Indenture.

The Company and the Issuer agree that all moneys in any Fund established by the Indenture may, at the written direction of the Company, be invested in Qualified Investments, provided, however, that any securities purchased pursuant to this Section shall mature or be redeemable on a date or dates prior to the time when, in the judgment of the President or other authorized officer of the Company, such funds so invested will be required for expenditure, except to the extent any supplemental indenture between the Issuer and the Trustee may regulate the investment of such funds or any additional funds created by such supplemental indenture.

The Trustee is hereby authorized to trade with itself in the purchase and sale of securities for such investments. The Trustee shall not be liable or responsible for any loss resulting from any such investment. All such investments shall be

held by or under the control of the Trustee and any income resulting therefrom shall be applied in the manner specified in the Indenture. If at any time two (2) or more Notes having the same installment payment dates are outstanding, any such income designated for application to the payment of the installments of the Notes shall be ratably applied and credited to such installments in proportion to the amounts thereof.

The Issuer and the Company covenant that they will not, and will not cause the Trustee to, make any investment or do any other act or thing during the period that any Bonds are outstanding under the Indenture which would cause any of the Bonds to become or be classified as arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations or public revenue rulings thereunder now or hereafter proposed or published in the Federal Register or as promulgated in final form. It is further understood and agreed that the Trustee shall not be required at any time to make any such investment or to do any such act.

Section 3.20. Other Amounts Payable by the Company. The Company agrees to pay directly to the Trustee from time to time as long as there are Bonds outstanding (i) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as trustee, rendered and its ordinary expenses incurred under the Indenture, as and when the same becomes due, (ii) the reasonable fees, charges and expenses of the Trustee, as Bond Registrar and paying agent, and any other paying agent on the Bonds for acting as paying agent as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under the Indenture, as and when the same become due. Notwithstanding anything in this Section 3.20 to the contrary, the Company may, without creating an event of default as herein defined, contest in good faith the necessity for any such services, fees, charges or expenses of the Issuer or the Trustee.

Section 3.21. Credits on Notes. Notwithstanding any provision contained in this Loan Agreement or in the Indenture to the contrary, in addition to any credits on the Notes resulting from the payment or prepayment thereof from other sources:

(a) any moneys deposited by the Trustee in the Bond Fund for payment on the Notes shall be credited against the obligation of the Company to pay the principal of premium, if any, of, and interest on, the Notes as the same becomes due;

(b) the principal amount of Bonds of any series and maturity, together in the case of coupon Bonds, if any are permitted in the Indenture, with all appurtenant unmatured coupons, acquired by the Company and delivered to the Trustee, or acquired by the Trustee and cancelled, shall be credited against the obligation of the Company to pay the principal of the Note evidencing the loan made by the Issuer with the proceeds of the sale of Bonds of such series maturing on the maturity date of the Bonds so acquired and delivered or cancelled; and

Section 3.22. Completion of Project. (a) Company agrees that:

(i) It will make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, firms or corporations and in general do all things which may be requisite or proper, all for acquiring, constructing, installing and completing the Project, to the extent permitted by law.

(ii) It will cause the Project to be acquired, installed and/or constructed.

(iii) It will, upon completion of the acquisition and construction of the Project, furnish to the Trustee (i) final lien waivers from all contractors or suppliers who have furnished material or labor for the Project; and (ii) a final endorsement to the mortgagee title insurance policy required by Section 3.18 hereof, reflecting completion of construction of the Project.

Company agrees to acquire, construct, install and equip the Project with all reasonable dispatch; and to use its best efforts to cause acquisition, construction, installation and equipping to be completed by _____ or as soon thereafter as may be practicable, delays incident to force majeure only excepted; but if for any reason such acquisition, construction, installation and equipping is not completed by said date there shall be no resulting liability on the part of Company and no diminution in or postponement of the payments required to be paid by Company under this Loan Agreement or the Initial Note.

In the event the moneys in the Construction Fund (including moneys from the proceeds of any Additional Bonds sold to finance completion of the Project) should not be sufficient to pay in full the costs to be paid therefrom, the Company agrees, for the benefit of the Issuer and in order to fulfill the

purposes of the Act, to complete the construction and equipping of the Project and to pay that portion of the costs therefor as may be in excess of the moneys available therefor in the Construction Fund. The Issuer does not make any warranty, either express or implied, that the moneys, which will be paid into the Construction Fund and which under the provisions of this Loan Agreement will be available for payment of the costs of the construction and equipping of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Company agrees that if after exhaustion of the moneys in the Construction Fund the Company should pay pursuant hereto any portion of the said costs of the construction and equipping, it shall not be entitled to any reimbursement therefor from the Issuer, the Trustee, or the holders of any of the Bonds, nor shall it be entitled to any diminution in or abatement or postponement of the amounts payable hereunder or under the Initial Note.

(b) Issuer has, in the Indenture, authorized and directed Trustee to make payments from the Construction Fund to pay the Costs of Construction, or to reimburse Company for any Costs of Construction paid by it. At the time of each payment, evidence of the title shall be continued down to such time for possible liens or objections intervening between the date of the delivery of the Bonds and the date of such payment. Company agrees to direct such requisitions to Trustee as may be necessary to effect payments out of the Construction Fund in accordance with this Section 3.22 hereof.

(c) The Completion Date shall be evidenced to Trustee and Issuer by a certificate signed by an authorized representative of Company stating that, except for amounts retained by Trustee at Company's direction for any Costs of Construction not then due and payable or being contested in good faith, (i) construction and/or acquisition of the Project has been completed and any and all labor, services, materials and supplies used in such construction have been paid for, (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. Upon receipt of such certificate, Trustee shall in accordance with Section 403 of the Indenture transfer all moneys then in the Construction Fund to the Bond Fund, except any amount retained as aforesaid by

Trustee for any Costs of Construction. Trustee, as directed by Company, shall use any amount transferred to the Bond Fund from the original Loan, together with interest thereon, to pay the principal of, or redeem Original Bonds at the earliest redemption date, or upon receipt of an opinion from Bond Counsel to the effect that such use would not cause interest on the Bonds to become taxable, for any other use so approved by said Bond Counsel.

Section 3.23. Sale, Substitution, or Lease of Mortgaged Property. Except for Permitted Encumbrances and as herein specifically provided in this Section or in Section 3.24 or otherwise, the Company will not sell, lease, or transfer or otherwise dispose of all or any part of the Mortgaged Property.

The Company may at any time request the Issuer to enter into an amendment to this Mortgage for the purpose of effecting the release from this Mortgage of any portion of the Mortgaged Property which is not necessary to the operating integrity and unity of the Mortgaged Property and the release of which will not adversely affect the ability of the Company to operate and maintain the Mortgaged Property as provided in this Mortgage. The Issuer will execute the amendment but the amendment shall not become effective until the following items have been submitted to the Trustee:

(a) A copy of the said amendment as executed;

(b) A resolution of the board of directors of the Company approving said amendment and stating that the Company is not in default under any of the provisions of this Mortgage;

(c) A certificate of an independent engineer acceptable to the Trustee, dated not more than sixty (60) days prior to the date of the release and stating that, in his opinion, (i) the part of such Mortgaged Property proposed to be released is not required for the operation of the Mortgaged Property for the purposes hereinabove stated, and is not necessary to the operating integrity and unity of the Mortgaged Property and (ii) the release will not destroy the means of ingress thereto and egress therefrom;

(d) Either (1) a deposit of an amount of money equal to the value of such Mortgaged Property as determined by an appraisal furnished to the Trustee and prepared by an appraiser satisfactory to the Trustee, which amount shall be placed by the Trustee in the Bond Fund; or

(2) the Company may, in said amendment, subject to the lien of this Mortgage real property equal in value to the property to be released, the value of such real property to be determined by an appraisal furnished to the Trustee and prepared by an appraiser satisfactory to the Trustee;

(f) An opinion of Counsel stating that in his opinion all of the legal requirements necessary for such release have been met.

If all of the conditions of this Section are met, the Trustee shall release any such part of the Mortgaged Property from the Indenture. No release effected under the provisions of this Section shall, except to the extent provided in subsection (d) hereof, entitle the Company to any abatement or diminution of the payments to be made hereunder.

In addition, the Company may lease the Mortgaged Property in whole or in part, but subject to each of the following conditions:

(1) no lease shall relieve the Company from liability for all payments due under this Mortgage and for the performance of all of the other obligations of this Mortgage, nor

(2) no lease shall cause the interest payable on the Bonds to be subjected to federal income taxes, whether by leasing the Project or a portion thereof to a "non-exempt person" as that term is defined in Section 103(b) of the Internal Revenue Code of 1954, as amended, or for any other reason;

(3) any lessee of all or substantially all of the Mortgaged Property shall expressly assume the obligations of the Company hereunder, by instrument delivered to the Issuer and the Trustee;

(4) within thirty (30) days after the delivery of any such lease, the Company shall deliver to the Issuer and to the Trustee a true and complete copy thereof;

(5) no lease of more than 15% of the gross square feet of the Mortgaged Property shall be permitted without the prior consent of the Trustee; and

Section 3.24. Substitution and Removal of Equipment. Except as provided in this Section, equipment comprising part of the Mortgaged Property shall remain in or near the buildings comprising the Mortgaged Property and on the site thereof. The Company may from time to time substitute equipment in the Mortgaged Property if the equipment so substituted shall be of equivalent value and utility to that replaced. Any such substituted equipment shall be identified in writing by the Company to the Trustee and shall become a part of the Mortgaged Property and be included under the terms of the Mortgage, and the equipment for which substitution has been made shall become the property of the Company free and clear of any claims of the Issuer, the Trustee, the Bank, or the Bondholders therein or thereto.

The Trustee at the request of the Company shall release from the lien of the Indenture any equipment comprising part of the Mortgaged Property without substitution therefor so long as the Company shall pay into the Bond Fund (i) the proceeds from the sale or (ii) the fair market value of the equipment or (iii) an amount equal to the original cost of the equipment to the Issuer less depreciation calculated on a straight-line basis on the lesser of the "average life" of the Bonds or the useful life of the equipment, whichever amount is higher.

Upon such payment and consent, the purchased equipment shall be free and clear of any claims of the Issuer, the Trustee, the Bank or the Bondholders. This provision shall not entitle the Company to any abatement or diminution of the payments payable hereunder.

The Issuer and Company agree to execute and deliver such documents (if any) as the Issuer or Company or Trustee may reasonably request in connection with any action taken by the Issuer or Company under this Section.

Section 3.25. Right of Access to the Projector th Mortgaged Property. Company agrees that the Issuer, the Trustee and their or either of their duly authorized agents shall have the right at all reasonable times during business hours, subject to Company's safety and security requirements, to enter upon and examine and inspect the Project or the Mortgaged Property without interference or prejudice to the Company's operation.

Company further agrees that the Issuer and its duly authorized agents shall have such rights of access to the Project or the Mortgaged Property as may be reasonably necessary to cause to be completed the construction and installation provided for in Section 3.22 hereof, and thereafter for the proper maintenance of the Project or the Mortgaged Property, in the event of failure by Company to perform its obligations under Section 3.22 hereof.

Section 3.26. Granting of Easements. If no event of default shall have happened and be continuing, the Company may at any time or times grant easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to any property subject to the lien of the Indenture, free from the lien of the Indenture, or Company may release existing easements, licenses, rights-of-way and other rights or privileges with or without consideration, and the Issuer agrees that it shall execute and deliver and will cause and direct the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant or release, (ii) a written application signed by an authorized representative of Company requesting such instrument, and (iii) a certificate executed by an officer or representative of Company stating (1) that such grant or release is not detrimental to the proper conduct of the business of Company, and (2) that such grant or release will not impair the effective use or interfere with the operation of the Project and will not materially weaken, diminish or impair the security intended to be given by or under the Indenture.

Section 3.27. Tax Exempt Status of Bonds; Company to Avoid Industrial Development Bond Status. Company realizes that the Bonds could become Industrial Development Bonds under Section 103(b) of the Internal Revenue Code of 1954, as amended, and the regulations and rulings promulgated thereunder. Company further realizes that the interest on the bonds would not be tax exempt if the bonds were Industrial Development Bonds since Company has not filed an election pursuant to Treasury Regulation Section 1.103-10(b). Therefore, Company covenants not to enter into any management contract, lease or other continuing service or use contract with a "non-exempt person" as defined in said Code without furnishing the Trustee with an opinion of Bond Counsel that such a contract would not adversely affect the tax exempt afforded interest on municipal bonds by Section 103(a) of said Code. In addition, Company further covenants that it will not take, or fail to take, any action which action

or failure will cause the interest on the Bonds to become subject to federal income taxes pursuant to the provisions of Section 103(b) of the Internal Revenue Code so long as any of the Bonds are outstanding under the Indenture.

Section 3.28. Payment of Fees on Letter of Credit. The Company agrees to pay the annual fees of the Bank for the Letter of Credit on or before 90 days in advance of the due date of such fees.

Section 3.29. Letter of Credit. The Company shall not permit any amendment, modification or termination of the Letter of Credit without the written consent of the holders of all outstanding Bonds secured by the Letter of Credit, except for an amendment that extends the Bank's obligations under the Letter of Credit to include payment of any Additional Bonds or Parity Obligations proposed to be issued under Article VI hereof.

(End of Article III)

ARTICLE IV

Damage, Condemnation, and Loss of Title

Section 4.1. Damage. The Company agrees to notify the Trustee immediately (a) in the case of damage estimated to exceed $50,000 in amount to the Mortgaged Property or the Project resulting from fire or other casualty, or (b) upon obtaining knowledge of the institution of any proceedings for the condemnation or taking of the Mortgaged Property or the Project or any portion thereof for public or quasi-public use. In the event any such damage or condemnation is estimated to not exceed $50,000, the Company will forthwith repair, reconstruct, restore or replace such Mortgaged Property or the Project to substantially the same condition as it existed prior to the event causing such damage or condemnation or to a condition of at least equal utility and value and will apply the Net Proceeds of any insurance or condemnation award relating to such damage or condemnation received by the Company to the payment or reimbursement of the costs of such repair, reconstruction, restoration or replacement. So long as the Company is not in default hereunder, the Net Proceeds of any insurance or condemnation award relating to such damage or condemnation shall be paid over to the Company upon its Written Request therefor.

In the event any such damage or condemnation shall be estimated to exceed $50,000 in amount, the Company shall within 90 days after the receipt of the Net Proceeds of any insurance or condemnation award relating to such damage or condemnation elect one of the following two options by written notice of such election to the Trustee:

(a) Option A - Repair, Restoration or Replacement. The Company may elect to repair, reconstruct or restore such Mortgaged Property or the Project or it may elect to replace the same with property substantially equal in value to the property destroyed, damaged or condemned. In such event the Company shall proceed forthwith to repair, reconstruct and restore such Mortgaged Property or the Project to substantially the same condition as it existed prior to the event causing such damage, destruction or condemnation or to a condition of at least equal utility and value, or to replace the same, and will apply the Net Proceeds of any insurance or condemnation award relating to such damage, destruction or condemnation received by the Company to the payment or reimbursement of the costs of such repair, reconstruction and restoration or replacement. So long as the Company is not in default hereunder, any Net Proceeds of insurance relating to such damage

received by the Trustee shall be released from time to time by the Trustee to the Company upon the receipt of the Written Request of the Company specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction, restoration or replacement and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such repair, reconstruction, restoration or replacement; and

In the event the Company shall elect this Option A, the Company shall complete the repair, reconstruction, restoration or replacement of such Mortgaged Property or the Project, whether or not the Net Proceeds of insurance or condemnation award received by the Company for such purposes are sufficient to pay for the same.

(b) Option B - Prepayment of Notes and Parity Obligations. The Company may elect to have the Net Proceeds payable as a result of such damage or condemnation applied to the prepayment of the Notes and Parity Obligations; provided, however, that the Company may elect to prepay less than all the Notes and Parity Obligations only if (i) the property damaged or condemned is not essential to the Company's use or occupancy of the Mortgaged Property or the Project; or (ii) the Mortgaged Property or the Project has been restored to a condition substantially equivalent to its condition prior to such damage; or (iii) suitable land, improvements or equipment of substantially equal utility value have been acquired for the Company's operations at the Mortgaged Property or the Project. Whenever the Company elects to prepay Notes and Parity Obligations under this option, the Company shall, in its notice of election to the Trustee, direct the Trustee to apply such Net Proceeds, when and as received, to the prepayment of Notes and Parity Obligations in the manner specified in Section 5.2 hereof.

Section 4.2. Other Provisions with Respect to Net Proceeds. The Net Proceeds of any insurance or condemnation award in excess of $50,000 received by the Trustee or the Company shall be deposited in a special trust account and invested or reinvested in Qualified Investments subject to the Company's right to receive the same pursuant to Section 4.1(a) hereof. Any such Net Proceeds not so paid to the Company shall be applied to the prepayment of the Notes in the manner specified in Section 5.2 hereof.

If the Letter of Credit has been honored, the Net Proceeds of any insurance or condemnation award shall be applied first

to the unpaid balance of the principal and interest owing on the Notes and any balance shall then be paid to the Company.

Section 4.3. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, relocation, modification or improvement referred to in Section 4.1 hereof, Company will nonetheless complete the work and will pay any cost in excess of the amount of the Net Proceeds held by the Trustee.

(End of Article IV)

ARTICLE V

Prepayment of Notes and Parity Obligations

Section 5.1. Prepayment Generally. No prepayment of the Notes may be made except to the extent and in the manner expressly permitted by this Loan Agreement.

Section 5.2. Extraordinary Optional Prepayments; Mandatory Prepayment due to Loss of Tax Exemption. (a) Company shall have and is hereby granted the options to prepay in whole on any interest payment date the amounts payable under this Loan Agreement and the Notes prior to the expiration of the Loan Agreement and prior to the full payment of the Bonds (or prior to making provision for payment thereof in accordance with the Indenture) at the redemption prices and from the sources specified in the Indenture if:

(i) The Project or the Mortgaged Property or a substantial portion of the Project or the Mortgaged Property shall have been damaged or destroyed to such an extent that it is not practicable to rebuild, repair and restore the Project or the Mortgaged Property; or

(ii) Condemnation of all or substantially all of the Project or the Mortgaged Property or the taking by eminent domain of such use or control of the Project or the Mortgaged Property or other property of Company in connection with which the Project or the Mortgaged Property is used occurs so as to render the Project or the Mortgaged Property unsatisfactory to Company for its intended use; or

(iii) Certain economic, technological or other changes shall have occurred which render the Project or the Mortgaged Property obsolete for the purpose for which it was constructed; or

(iv) As a result of any changes in the constitution of the State of Indiana or the Constitution of the United States of America or of legislative or administrative action (whether state or federal) or of final decree, judgment or order of any court or administrative body (whether state or federal) this Loan Agreement shall have become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed in this Agreement; or

(v) Unreasonable burdens or excessive liabilities shall have been imposed upon Company or Issuer with respect

to the Project or the Mortgaged Property or the operation thereof, including without limitation, federal, state or other ad valorem, property, income or other taxes not being imposed on the date of this Agreement other than ad valorem taxes presently levied upon privately owned property used for the same general purpose as the Project or the Mortgaged Property.

(b) The Company shall be obligated to prepay the amounts payable under the Initial Note prior to the expiration of this Loan Agreement and prior to full payment on the Original Bonds (or prior to making provision for payment thereof in accordance with the Indenture) at any time within one hundred eighty (180) days after a determination shall have been made that interest on the Original Bonds is subject to federal income taxes; such a determination shall be deemed to have occurred upon any determination, decision or decree made by the Commissioner or any District Director of Internal Revenue Service, or by any court of competent jurisdiction that interest payable on the Original Bonds is includable in the gross income of a holder of the Original Bonds. In the case of any such prepayment, the amount payable shall be a sum sufficient, together with other funds deposited with Trustee and available for such purpose, to pay the principal of and interest on the outstanding Original Bonds plus a premium of 8% of the principal of the outstanding Original Bonds, and to pay all reasonable and necessary fees and expenses of Trustee accrued and to accrue through final payment of the Original Bonds.

Section 5.3. Optional Prepayment of Initial Note. In addition to any prepayment of the Initial Note made pursuant to Section 5.2 hereof, the Company may, at its option, prepay the Initial Note in whole or in part by paying to the Trustee an amount sufficient to redeem all or a portion of the Original Bonds, as the Company may designate, at the redemption prices, from the sources, and at the times therefor specified in the Indenture. Any amount so paid which is less than the full unpaid principal amount of the Original Bonds shall be credited against the installment or installments of principal due on the Initial Note corresponding to the maturity of the Original Bonds being redeemed.

Section 5.4. Notice of Prepayment. The Company shall give the Trustee not less than thirty (30) days prior written notice of any prepayment of the Notes which notice shall designate the date of prepayment and the amount thereof and direct the redemption of Bonds of the series and in the amounts corresponding to the Note or Notes to be prepaid; provided, however, that the Company shall have the right to rescind any election

to prepay any Note or installment thereof prior to the time that the Trustee gives notice of the redemption of the Bonds to be redeemed from such prepayment. Such notice may be contained in any notice of election given pursuant to either Section 4.1 hereof.

Section 5.5. Amortization Schedules. On the date of any partial prepayment of any Note, the Company shall deliver to the Trustee two copies of an amortization schedule with respect to such Note then Outstanding setting forth the amount of the installments to be paid on such Note after the date of such partial prepayment and the unpaid principal balance of such Note after payment of such installment.

Section 5.6. Payment on Letter of Credit or Credit Agreement Not a Prepayment. Company and Issuer agree that any advance or payment by the Bank under the Credit Agreement or upon the honoring of the Letter of Credit shall not be considered a prepayment of the Notes; and therefore no premium shall be due from the Company or the Bank on any such advance or payment.

(End of Article V)

ARTICLE VI

Additional Notes and Parity Obligations

Section 6.1. Issuance of Additional Notes and Parity Obligations. So long as no event of default (as defined in Section 7.1 hereof) has occurred and is continuing, the Company from time to time may, with the consent of the Issuer, issue and sell to the Issuer (but only to the Issuer) one or more Notes pursuant to this Loan Agreement in addition to the Initial Note (herein referred to as "Additional Notes") or, in the alternative, the Company from time to time may issue and sell one or more Parity Obligations to any person or persons on the terms and conditions set forth herein. Additional Notes or Parity Obligations may be issued for one or more of the following purposes (and for the purpose of securing funds deemed necessary to establish reserves therefor, to allow for capitalized interest, and to pay the expenses of the issuance thereof):

(a) obtaining funds to redeem any outstanding Note or Parity Obligation if such Note or Parity Obligation is then redeemable;

(b) obtaining funds for the advance refunding of any outstanding Note or Parity Obligation, regardless of whether such Note or Parity Obligation is redeemable at such time;

(c) financing the cost or estimated cost of completing the Project or of acquiring or constructing additions to the Project; provided, however, that if such improvements are to be located on real estate not included within the Mortgaged Property, then such real estate shall either (i) be made a part of the Mortgaged Property by an amendment to this Loan Agreement if Additional Notes are being issued or (ii) if Parity Obligations are being issued, be made subject to the lien of the Parity Instruments as collateral for the Notes and Parity Obligations; or

Any Additional Note shall (i) be issued only in connection with the issuance of Additional Bonds, (ii) be lettered to correspond with the series of Additional Bonds the proceeds of which are being used to make the loan to the Company evidenced by such Additional Note, (iii) be substantially in the form of the Initial Note attached hereto as Exhibit B (with appropriate variations or insertions), (iv) be pledged and assigned by the Issuer to the Trustee as security for a corresponding series of Additional Bonds concurrently issued and sold under the Indenture, (v) be issued in the same principal amount as such

corresponding series of Additional Bonds, (vi) be issued with the same final maturity date as such corresponding series of Additional Bonds, (vii) be issued with the same rate or rates of interest payable at the same time or times as such corresponding series of Additional Bonds, and (viii) require payments of installments of principal in the same amounts and at the same time as any redemptions or payments of principal of such corresponding series of Additional Bonds.

Additional Notes shall be authorized by a supplement to this Loan Agreement. Parity Obligations shall be authorized by such Parity Instruments as may be entered into by the Company and the purchaser or purchasers thereof or a trustee acting for the benefit of such purchaser or purchasers. Upon the issuance and sale of any Additional Notes or Parity Obligations the same shall, together with any other Note or Parity Obligation then outstanding, be equally and ratably secured by the lien of this Mortgage on the Mortgaged Property and any other property mortgaged or assigned as collateral for the Notes and Parity Obligations pursuant to a Parity Instrument.

It is the intent hereof that the rights and remedies of the holders of the Notes and Parity Obligations be equal and pari passu and nothing contained herein or in any supplement to this Mortgage or in any Parity Instrument shall be deemed to give the holders of any Notes or Parity Obligations any rights or remedies superior or inferior to the rights and remedies of the holder or holders of any other Notes or Parity Obligations; provided, however, that in the event of any disagreement between the Trustee and the holder or holders of any Parity Obligations or any trustee acting for their benefit concerning the remedies to be pursued in the event of a default, the Trustee under the Indenture shall have the right to direct the remedies to be pursued. Any Parity Instrument shall expressly provide for events of default and remedies therefor identical to those provided for in this Mortgage.

Section 6.2. Conditions to Issuance of Additional Notes and Parity Obligations. Prior to the issuance and sale of any Additional Note or Parity Obligation, and as a condition precedent thereto, the following documents and showings shall be executed and delivered to the Trustee:

(a) If an Additional Note is being issued, a supplement to this Loan Agreement, executed by the Company and the Issuer, specifying the principal amount, rate of interest, maturity, terms of optional prepayment, if any, and form of such Additional Note and a supplement to the Indenture, executed by the Issuer and the Trustee, creating the Additional Bonds being

issued and sold to finance the purchase of such Additional Note, specifying the terms thereof, pledging and assigning such Additional Note as security therefor and providing for the disposition of the proceeds of the sale thereof.

(b) If Parity Obligations are being issued, the Parity Instruments executed by the Company and the purchaser or purchasers of such Parity Obligations or a trustee acting for the benefit of such purchaser or purchasers.

(c) A certificate of the Company, executed by the President or other authorized officer thereof, stating that no event of default (as defined in Section 7.1 hereof with respect to Additional Notes and as defined in Parity Instruments with respect to Parity Obligations) has occurred and is continuing and that no event has occurred and is continuing which, with the lapse of time or giving of notice, or both, would constitute such an event of default.

(d) An amendment to the mortgagee title policy referred to in Section 3.18 hereof increasing, if necessary, the amount of insurance thereof to an amount equal to the aggregate unpaid principal amount of any Notes and Parity Obligations to be Outstanding immediately after the issuance of such Additional Note or Parity Obligation and, if the supplement to this Mortgage referred to in clause (a) hereof, or the Parity Instrument referred to in clause (b) hereof, is subjecting additional real estate to the lien hereof, or to the lien of the Parity Instruments, including such real estate within the coverage of such policy.

(e) An opinion of Bond Counsel stating that such Additional Notes or Parity Obligations have been issued in accordance with the terms and conditions of this Loan Agreement, and that such issuance will have no adverse affect on the tax-free nature for Federal income tax purposes of the interest on any Bonds or tax-exempt Parity Obligations Outstanding.

(f) An agreement by the Bank to include in the Letter of Credit obligations, advances or payments sufficient to pay such Additional Bonds or Parity Obligations in the same manner provided for the payment of the Original Bonds.

(g) Such other certificates and opinions of counsel as the Trustee may reasonably request.

Section 6.3. Issuer Not Obligated to Accept Additional Notes. Nothing contained in this Mortgage shall be interpreted as creating any obligation on the part of the Issuer to make

any loan to the Company nor to accept any Additional Note evidencing any such loan, it being the intent hereof to reserve to the Issuer full and complete discretion to decline any such loan; provided, however, that if the Company meets and complies with all the conditions and requirements set out in this Article VI, the Issuer shall cooperate fully with the Company to procure the financing and shall use its best efforts to make such financing available through Additional Notes issued in accordance with the terms hereof.

Section 6.4. Limitation on Notes and Parity Obligations. No Notes may be issued hereunder except for the Initial Note, the Additional Notes and Notes issued in exchange therefor pursuant to Section 3.16 hereof, and no Parity Obligations may be issued by the Company except on the terms and conditions set forth herein.

(End of Article VI)

ARTICLE VII

Events of Default and Remedies Therefor

Section 7.1. Events of Default. The occurrence and continuance of any of the following events shall constitute an "event of default" hereunder:

(a) failure of the Company to pay any installment of interest, principal, or any premium, on any Note or Parity Obligation when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise and the continuance thereof for fifteen days; or

(b) failure of the Company to perform any other covenant, condition or provision hereof or in Parity Instruments and to remedy such default within 60 days after notice thereof from the Trustee to the Company, unless (1) the nature of the default is such that it cannot be remedied within the sixty-day period, (2) the Company institutes corrective action within the sixty-day period, and (3) the Company diligently pursues such action until the default is remedied; or

(c) if any representation or warranty made by the Company in any statement or certificate furnished to the Issuer or the Trustee or the purchaser of any Bonds or Parity Obligations in connection with the sale of any Bonds or Parity Obligations or furnished by the Company pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 60 days after notice thereof to the Company by the Trustee; or

(d) any judgment, writ or warrant of attachment or of any similar process in any amount in excess of $50,000 shall be entered or filed against the Company or against any of its property and remains unvacated, unpaid, unbonded, unstayed, uncontested or unappealed in good faith for a period of 60 days after notice thereof to the Company; or

(e) if the Company admits insolvency or bankruptcy or its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Company, or for the major part of its property; or

(f) if a trustee or receiver is appointed for the Company or for the major part of its property and is not discharged within 60 days after such appointment; or

(g) if bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors are instituted by or against the Company (other than bankruptcy proceedings instituted by the Company against third parties), and if instituted against the Company are allowed against the Company or are consented to or are not dismissed, stayed or otherwise nullified within 60 days after such institution; or

During the occurrence and continuance of any event of default hereunder, the Trustee, as assignee of the Issuer pursuant to the Indenture, shall have the following rights and remedies, in addition to any other remedies herein or by law provided:

I. Pursue Remedies on Letter of Credit. The Trustee is required to draw upon and enforce its full remedies against the Bank under the Letter of Credit. In such event, the Trustee shall also give immediate notice to the Bondholders in the manner prescribed in Section 714 of the Indenture (i) that the Trustee has enforced its full remedies under the Letter of Credit, (ii) that the full payment under the Letter of Credit of the principal of, premium, if any, and accrued interest on the Bonds will be due on the fifteenth day following the date upon which the Trustee notified the Bank of the Trustee's pursuing its full remedies under the Letter of Credit (the "Payment Date"), and (iii) that, if moneys received from the Bank from the honoring of the Letter of Credit are sufficient to pay the principal of, premium, if any, and interest on the Bonds accrued to the Payment Date, interest will cease to accrue on the Bonds on the Payment Date. In the event the Bank has failed to fully honor the Letter of Credit, the Trustee will pursue all of its rights and remedies in law and equity against the Bank to enforce the Letter of Credit.

II. Trustee May Enter and Take Possession, Operate and Apply Income. In the event the honoring of the Letter of Credit by the Bank has not fully paid the Bonds outstanding under the Indenture and the outstanding Parity Obligations, the Trustee or, in the event the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, the Bank, personally or by its agents or attorneys, may to the extent permitted by law enter into and upon all or any part of the Mortgaged Property and each and every part thereof, and may exclude the Company, its agents and servants wholly therefrom; and having and holding the same, may use, operate, manage and control the Mortgaged Property for any lawful purpose, and upon every such entry, the Trustee or the Bank, as the case may be,

at the expense of the Company either by purchase, repairs or construction, may from time to time maintain and restore the Mortgaged Property whereof it shall become possessed as aforesaid, and may insure and reinsure the same as may seem to it to be judicious; and likewise, from time to time at the expense of the Company, the Trustee or the Bank, as the case may be, may make all necessary or proper repairs, renewals, and replacements, and alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and the Trustee or the Bank, as the case may be, shall be entitled to collect and receive all earnings, revenues, rents, issues, profits and income of the same and every part thereof; and after deducting the expenses of operations, maintenance, repairs, renewals, replacements, alterations, additions, betterments and improvements and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the Mortgaged Property or any part thereof, as well as all advances by the Trustee or the Bank, as the case may be, and compensation for the services of the Trustee or the Bank, as the case may be, and for all counsel and agents and clerks and other employees by its property engaged and employed, the Trustee or the Bank, as the case may be, shall apply the moneys arising as aforesaid as follows:

(1) in case the principal of the Notes and Parity Obligations shall not have become due, first, to the payment of the installments of principal and interest thereon, when and as the same shall become payable, and second, to the payment of any other sums required to be paid by the Company under this Loan Agreement; or

(2) in case the principal of the Notes and Parity Obligations shall have become due by declaration or otherwise, in the order of priorities and amounts set forth in Section 7.6; or

(3) in case the principal of the Notes and Parity Obligations shall not have become due and there exists no default in the payment of any installments of interest or principal on the Notes and Parity Obligations, then to the remedying of any other event of default then existing.

III. Right to Bring Suit, Etc. In the event the honoring of the Letter of Credit by the Bank has not fully paid the outstanding Bonds and Parity Obligations, the Trustee or, in the event the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, the Bank, with or without entry, personally or by attorney, may in its discretion, proceed to protect and enforce its rights by a suit or

suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Notes, this Loan Agreement, or Parity Instruments or in aid of the execution of any power herein granted, or for any foreclosure hereunder, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee or the Bank, as the case may be, shall deem most effectual to protect and enforce any of its rights or duties hereunder; provided, however that all costs incurred by the Trustee, the Bank and the Issuer under this Article shall be paid to the Trustee, the Issuer, and the Bank by the Company on demand.

Section 7.2. Foreclosure and Sale of Mortgaged Property. During occurrence and continuance of an event of default and in the event the honoring of the Letter of Credit has not fully paid the outstanding Bonds and Parity Obligations, the Trustee or, in the event the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, the Bank, in its discretion may, with or without entry, personally or by attorney, sell, to the extent permitted by law, to the highest bidder all or any part of the Mortgaged Property and all right, title, interest, claim and demand therein, and the right of redemption thereof, in one lot as an entirety, or in separate lots, as the Trustee or the Bank, as the case may be, may elect, and in one sale or in any number of separate sales held at one time or any number of times, which such sale or lease shall be made at public auction at such place in the country in which the Mortgaged Property to be sold is situated and at such time and upon such terms as may be fixed by the Trustee or the Bank, as the case may be, and briefly specified in the notice of such sale or sales. Any sale by the Trustee or the Bank, as the case may be, may nevertheless, at its option, be made at such other place or places, and in such other manner, as may now or hereafter be authorized by law. In the event of any sale of the Mortgaged Property, the principal of the Notes and Parity Obligations, if not previously due, immediately thereupon shall become due and payable, anything in the Notes, this Mortgage or Parity Instruments to the contrary notwithstanding.

Section 7.3. Sale a Bar. Any sale or sales pursuant to Section 7.2 hereof shall operate to divest all estate, right, title, interest, claim or demand whatsoever, whether at law or in equity, of the Company, in and to the premises, property, privileges and rights so sold, and shall be a perpetual bar both at law and in equity against the Company, its successors and assigns, and against any and all persons claiming or who may claim the same, or any part thereof, from, through or under the Company, its successors or assigns.

Section 7.4. Receipt Sufficient Discharge for Purchaser. The receipt of the Trustee, the Bank, or of the court officer conducting any such sale for the purchase money paid at any such sale shall be a sufficient discharge therefor to any purchaser of the property, or any part thereof, sold as aforesaid; and no such purchaser or his representatives, grantees or assigns, after paying such purchase money and receiving such a receipt, shall be bound to see to the application of such purchase money upon or for the purpose of this Loan Agreement, or shall be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money or any part thereof, nor shall any such purchaser be bound to inquire as to the necessity or expediency of any such sale.

Section 7.5. Sale to Accelerate Notes and Parity Obligations. In the event of any sale pursuant to Section 7.2 hereof the principal of the Notes and Parity Obligations, if not previously due, immediately thereupon shall become due and payable, anything in the Notes, this Loan Agreement, or Parity Instruments to the contrary notwithstanding.

Section 7.6. Application of Proceeds of Sale. The purchase money proceeds or avails of any such sale, together with any other sums which then may be held by the Trustee, or the Bank, as the case may be, under this Loan Agreement as part of the Mortgaged Property or the proceeds thereof, whether under the provisions of this Article or otherwise, shall be paid to the Trustee or the Bank, the case may be, who shall apply such funds as follows:

FIRST: To the payment of the costs and expenses of such sale, including reasonable compensation to the Issuer, the Bank, or the Trustee, its or their agents, attorneys and counsel, and the expenses of any judicial proceedings wherein the same may be made, and of all expenses, liabilities and advances made or incurred by the Issuer, the Bank, or the Trustee as permitted by this Loan Agreement, together with interest on all advances made by the Trustee at twelve and one-half percent (12 1/2%) per annum, and to the payment of all taxes, assessments or liens prior to the lien of this Loan Agreement, except any taxes, assessments, liens, or other charges, subject to which the property shall have been sold.

SECOND: To the payment of the whole amount then due, owing and unpaid upon the Notes and Parity Obligations for principal, interest and premium, if any; and in case such proceeds shall be insufficient to pay in full the whole

amount so due, owing or unpaid upon the Notes and Parity Obligations, then ratably according to the aggregate of such principal and the accrued and unpaid interest and premium, if any, without preference or priority as between principal, interest or premium; such application to be made upon presentation of the Notes and Parity Obligations and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid.

THIRD: To the payment of any other sums required to be paid by the Company pursuant to any provisions of this Loan Agreement or of the Notes and Parity Obligations.

FOURTH: To the payment of the surplus, if any, to the Company or its successors or assigns, upon the written request of the Company or to whomsoever may be lawfully entitled to receive the same upon its written request, or as any court of competent jurisdiction may direct.

Section 7.7. Payment of Defaulted Amounts on Demand of Trustee or Bank. In case the Company shall:

(a) fail to pay any installment of interest on the Notes and Parity Obligations when and as the same shall become due and payable, as therein and herein expressed; or

(b) fail to pay the principal of the Notes and Parity Obligations, when and as the same shall become due and payable, whether at maturity or upon designation for prepayment or by declaration, or upon a sale as in Section 7.5 hereof provided, or otherwise;

then upon written demand of the Trustee or, if the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, the Bank, the Company will pay to the Trustee or the Bank, as the case may be, the whole amount which then shall have become due and payable on the Notes and Parity Obligations for interest or principal or both, as the case may be, and in addition thereto such further amount as shall be sufficient to cover the cost and expenses of collection, including a reasonable compensation to the Trustee or the Bank, as the case may be, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee or the Bank, as the case may be, hereunder.

Section 7.8. Trustee or Bank May Enforce Demand. In case the Company shall have failed to pay such principal and interest and other amounts upon demand, the Trustee or the Bank, if the honoring of the Letter of Credit has fully paid

the outstanding Bonds and Parity Obligations, in its own name, may institute such actions or proceedings at law or in equity for the collection of the amounts so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company and collect the moneys adjudged or decreed to be payable out of the property of the Company wherever situated, in the manner provided by law.

The Trustee or the Bank, as the case may be, shall, if permitted by law, be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the lien of this Mortgage; and the right of the Trustee or the Bank, as the case may be, to recover such judgment shall not be affected by any entry or sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Mortgage or the foreclosure of the lien hereof; and in case of a sale of the Mortgaged Property and of the application of the proceeds of sale, as in Section 7.6 provided, to the payment of the debt hereby secured, the Trustee or the Bank, as the case may be, shall be entitled to enforce payment and to receive all amounts then remaining due and unpaid upon the Notes and Parity Obligations then outstanding, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest.

No recovery of any judgment by the Trustee or the Bank, as the case may be, and no levy of an execution under any judgment upon the Mortgaged Property or upon any other property, shall affect the lien of this Mortgage upon the Mortgaged Property or any part thereof, or any lien, rights, powers or remedies of the Trustee or the Bank, as the case may be, hereunder, but such lien, rights, powers or remedies of the Trustee or the Bank, as the case may be, shall continue unimpaired as before.

Any moneys thus collected by the Trustee or the Bank, as the case may be, under this Section shall be applied by the Trustee or the Bank, as the case may be, as follows:

FIRST: To the payment of all advances by the Issuer, the Bank or Trustee with interest at the rate of interest equal to twelve and one-half percent (12 1/2%) per annum, and all expenses and disbursements.

SECOND: To the payment of the amounts then due and unpaid upon the Notes or Parity Obligations (whether for principal, interest or premium) in respect of which such moneys shall have been collected, ratably and without

preference or priority of any kind, according to the amounts due and payable upon the Notes and Parity Obligations, upon presentation of the Notes and Parity Obligations and the notation thereon of such payment, if partly paid, and upon surrender thereof, if fully paid.

Section 7.9. Trustee or Bank Entitled to Appointment of Receiver. The Company further covenants that upon the happening of any event of default and thereafter during the continuance of such event of default unless the same shall have been waived as hereinbefore provided, the Trustee or the Bank, if the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the principal of the Notes and Parity Obligations to be due and payable, or (ii) after declaring the same to be due and payable, or (iii) upon the filing of an action to foreclose this Mortgage or to enforce the specific performance hereof or in aid thereof or upon the commencement of any other judicial proceeding to enforce any right of the Trustee or the Bank, as the case may be, to the appointment of a receiver or receivers of the Mortgaged Property and of all the earnings, revenues, rents, issues, profits and income thereof, with such powers as the court making such appointment shall confer, which may comprise any or all of the powers which the Trustee or the Bank, as the case may be, is authorized to exercise by the provisions of subdivision III of Section 7.1. The Company, if requested so to do by the Trustee or the Bank, as the case may be, will consent to the appointment of any such receiver as aforesaid.

Section 7.10. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or the Bank, as the case may be, is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.11. Delay or Omission Not a Waiver. No delay or omission of the Trustee or the Bank, as the case may be, to exercise any right or power accruing upon any event of default shall impair any such right or power, or shall be construed to be a waiver of any such event of default or an acquiescence therein; and every power and remedy given by this Loan Agreement to the Trustee or the Bank, as the case may be, may be exercised from time to time and as often as may be deemed expedient by the Trustee or the Bank, as the case may be.

Section 7.12. Waiver of Extension, Appraisement or Stay Laws. To the extent permitted by law, the Company will not during the continuance of any event of default hereunder insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Loan Agreement; nor claim, take or insist upon any benefit or advantage of any law now or thereafter in force providing for the valuation or appraisement of the Mortgaged Property, or any part thereof, prior to any sale or sales thereof which may be made pursuant to any provisions herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor after any such sale or sales, claim or exercise any right under any statute heretofore or hereafter enacted by the United States of America or by any state or territory, or otherwise, to redeem the property so sold or any part thereof; and the Company hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Trustee or the Bank, if the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

Section 7.13. Remedies Subject to Provisions of Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Mortgage invalid or unenforceable under the provisions of any applicable law.

Section 7.14. Remedies Under Uniform Commercial Code. In addition to any other remedies provided for hereby or by law the Trustee or the Bank, if the honoring of the Letter of Credit has fully paid the outstanding Bonds and Parity Obligations, shall have the rights of a secured party and the Company shall have the rights of a debtor under the Uniform Commercial Code of Indiana, codified at Indiana Code 26-1 (or any successor code or statute) with respect to the equipment, and any other personal property included in the Mortgaged Property upon the occurrence and continuance of an event of default hereunder, as defined in Section 7.1 hereof.

Section 7.15. Application of Proceeds of Letter of Credit. Any moneys or funds received by the Trustee upon the honoring of the Letter of Credit shall be applied as provided in the Indenture or in Parity Instruments.

Section 7.16. Assignment by Trustee. The Indenture provides that, upon the full honoring of the Letter of Credit by the Bank, the Issuer and the Trustee shall assign or cause to be assigned to the Bank all of their rights, title and interest to this Loan Agreement and the Notes.

(End of Article VII)

ARTICLE VIII

Immunity of Members, Officers, Directors and Trustees

Section 8.1. Immunity. No recourse shall be had for the payment of the principal of, or premium, if any, or the interest on, any Note, or for any claim based thereon or on this Loan Agreement or any supplement hereto, against any shareholder, director, trustee or officer, past, present or future, of the Company, or any predecessor or successor corporation, as such, either directly, or through the Company or any such predecessor or successor corporation, whether by virtue of any constitution, statute or rule or law, or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of shareholders, directors, trustees or officers, as such, being released as a condition of and consideration for the execution of this Loan Agreement and of the issuance of the Notes.

(End of Article VIII)

ARTICLE IX

Supplements and Amendments to this Loan Agreement

Section 9.1. Supplements and Amendments to this Loan Agreement. The Company and the Issuer may, with the consent of the Trustee from time to time enter into such supplements and amendments to this Loan Agreement as to them may seem necessary or desirable to effectuate the purposes or intent hereof, subject to the provisions of the Indenture.

Section 9.2. Effect on Letter of Credit. The Company, the Issuer and the Trustee shall not consent to or enter into any amendment, modification, alteration, termination, or supplement to this Loan Agreement which adversely affects the Letter of Credit or the Trustee's ability to make presentation of the documents necessary to require the Bank to honor the Letter of Credit.

(End of Article IX)

ARTICLE X

Defeasance

Section 10.1. Defeasance. If the Company shall pay and discharge or provide, in a manner satisfactory to the Trustee, for the payment and discharge of the whole amount of the principal of, premium, if any, and interest on the Notes and Parity Obligations at the time outstanding, and shall pay or cause to be paid all other sums payable hereunder and in Parity Instruments, or shall make arrangements satisfactory to the Trustee for such payment and discharge, and if provision shall have been made for the satisfaction and discharge of the Indenture as provided therein, then and in that case all property, rights and interest hereby conveyed or assigned or pledged shall revert to the Company, and the estate, right, title and interest of the Trustee therein shall thereupon cease, terminate and become void; and this Mortgage, and the covenants of the Company contained herein, shall be discharged and the Trustee in such case on demand of the Company and at its cost and expense, shall execute and deliver to the Company a proper instrument or proper instruments acknowledging the satisfaction and termination of this Mortgage, and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the Company, all property, including money, then held by the Trustee together with the Notes and Parity Obligations marked paid or cancelled.

(End of Article X)

ARTICLE XI

Miscellaneous Provisions

Section 11.1. Loan Agreement for Benefit of Parties Hereto. Nothing in this Loan Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, their successors and assigns, and the holder of the Notes, any right, remedy or claim under or by reason of this Loan Agreement or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Loan Agreement contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, the Trustee and the holder of the Notes and Parity Obligations.

Section 11.2. Severability. In case any one or more of the provisions contained in this Loan Agreement or in the Notes shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby.

Section 11.3. Limitation on Interest. No provisions of this Loan Agreement or of the Notes shall require the payment or permit the collection of interest in excess of the maximum permitted by law. If any excess of interest in such respect is herein or in the Notes provided for, or shall be adjudicated to be so provided for herein or in the Notes, neither the Company nor its successors or assigns shall be obligated to pay such interest in excess of the amount permitted by law, and the right to demand the payment of any such excess shall be and hereby is waived, and this provision shall control any provisions of this Loan Agreement and the Notes inconsistent with this provision.

Section 11.4. Addresses for Notice and Demands. All notices, demands, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, with proper address as indicated below. The Issuer, the Company, and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, demands, certificates or other communications to them shall be sent when required as contemplated by this Mortgage. Until otherwise provided by the respective parties, all notices, demands, certificates and communications to each of them shall be addressed as follows:

To the Issuer:	City of Fort Wayne City Hall Fort Wayne, Indiana
To the Company:	Lutheran Homes, Inc. 6701 South Anthony Boulevard Fort Wayne, Indiana
To the Trustee:	Fort Wayne National Bank Attention: Trust Department 110 West Berry Street Fort Wayne, Indiana 46802

Section 11.5. Successors and Assigns. Whenever in this Loan Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Loan Agreement contained by or on behalf of the Company, or by or on behalf of the Issuer, shall bind and inure to the benefit of the respective successors and assigns, whether so expressed or not.

Section 11.6. Counterparts. This Loan Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Loan Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

Section 11.7. Governing Law. It is the intention of the parties hereto that this Loan Agreement and the rights and obligations of the parties hereunder and the Notes and the rights and obligations of the parties thereunder, shall be governed by and construed and enforced in accordance with, the laws of Indiana.

(End of Article XI)

IN WITNESS WHEREOF, the Company and the Issuer have caused this Loan Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

LUTHERAN HOMES, INC.

By_____
(Written Signature)

Fred L. Nieno, President
(Printed Signature, Title)

(Seal)

Attest:

_____
(Written Signature)

_____, Secretary
(Printed Signature, Title)

CITY OF FORT WAYNE

By_____
(Written Signature)

Winfield C. Moses, Jr., Mayor
(Printed Signature, Title)

(Seal)

Attest:

_____
(Written Signature)

Charles W. Westerman, Clerk
(Printed Signature, Title)

This instrument prepared by Thomas K. Downs, Ice Miller Donadio & Ryan, 10th Floor, 111 Monument Circle, Indianapolis, Indiana 46204.

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

On this _____ day of _____, 1981, before me, a notary public in and for said county and state, personally appeared Fred L. Nieno, to me personally known and known to me to be the same person who executed the within and foregoing instrument, who, being by me duly sworn, did depose, acknowledge and say: That he is President of Lutheran Homes, Inc., the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is the seal of said corporation; that said instrument was signed and sealed on behalf of the said corporation; and _____ as the Secretary of said corporation acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 1981.

_____
(Written Signature)

_____
(Printed Signature)
Notary Public

My commission expires:

_____

My county of residence:

_____

(Seal)

STATE OF INDIANA)
) SS:
COUNTY OF ALLEN)

On this _____ day of _____, 1981, before me, a notary public in and for said county and state, personally appeared Winfield C. Moses, Jr., to me personally known and known to me to be the same person who executed the within and foregoing instrument, who, being by me duly sworn, did depose, acknowledge and say: That he is Mayor of the City of Fort Wayne (the "Issuer"), the municipal corporation described in and which executed the foregoing instrument; that he knows the seal of said Issuer; that the seal affixed to said instrument is the seal of said Issuer; that said instrument was signed and sealed on behalf of said Issuer; and the said Charles W. Westerman as the Clerk of the Issuer, acknowledged the execution of said instrument to be the voluntary act and deed of said Issuer by it voluntarily executed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this _____ day of _____, 1981.

_____
(Written Signature)

_____
(Printed Signature)
Notary Public

My commission expires:

_____

My county of residence:

_____

(Seal)

EXHIBIT A

DESCRIPTION OF MORTGAGED PROPERTY

PROJECT

LEGAL DESCRIPTION

The South 1,263.12 feet of the West 1,050 feet in the North half of the Southwest Quarter, except therefrom the South 485.7 feet of the West 250 feet, and except the South 205.8 feet of the East 392 feet of the West 642 feet, and except Part to City in Adams Township, Section 30, Township 30 North, Range 13 East, in Allen County, Indiana.

[subject to change with survey]

PROJECT EQUIPMENT

EXHIBIT B

LUTHERAN HOMES, INC.

FIRST MORTGAGE NOTE, SERIES A

December 1, 1981

FOR VALUE RECEIVED, the undersigned, Lutheran Homes, Inc. ("Company"), a not-for-profit corporation organized and existing under the laws of the State of Indiana, hereby promises to pay to the order of the City of Fort Wayne, Indiana ("Issuer"), on or before 11 o'clock a.m. (prevailing Issuer time) the principal sum of $1,500,000 in installments on December 15, 1981, and on the fifteenth day of each month thereafter during the term of the Loan Agreement, Mortgage and Security Agreement (the "Loan Agreement") dated as of December 1, 1981 between Issuer and Company, a sum which, together with other moneys available therefor in the Bond Fund under the Trust Indenture (the "Indenture") dated as of December 1, 1981 between Issuer and Fort Wayne National Bank, Fort Wayne, Indiana, as Trustee (the "Trustee") will equal the sum of one-sixth of (i) the interest which will become due on the Original Bonds (as hereinafter defined) on the next succeeding June 1 or December 1 and one-sixth of (ii) the principal amount of the Original Bonds which will become due at maturity or by any mandatory sinking fund redemption on the next succeeding June 1 or December 1; provided, however, that in the event the Letter of Credit is fully honored by the Bank, the unpaid principal hereof plus interest at a rate which is two percentage points greater than the Bank's prime interest rate in effect from time to time on ninety-day unsecured loans to corporations of the highest credit standing, the rate payable to the Bank to change on the same dates as the Bank's prime interest rate changes.

Payments of both principal and interest are to be endorsed to the Trustee, and are to be made directly to the Trustee for the account of the Issuer pursuant to such endorsement. Such endorsement is to be made as security for the payment of the bonds of the designated "City of Fort Wayne Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc. Project)" issued pursuant to the Indenture (the "Original Bonds"). All of the terms, conditions and provisions of the Indenture and the Loan Agreement are, by this reference thereto, incorporated herein as a part of this Note.

This Note is issued pursuant to the Loan Agreement, and is entitled to the benefits, and is subject to the conditions thereof. The obligations of Company to make the payments required hereunder shall be absolute and unconditional without any defense or right of set-off, counterclaim or recoupment by reason of any default by Issuer under the Loan Agreement or under any other agreement between Company and Issuer or out of any indebtedness or liability at any time owing to the Company by the Issuer or for any other reason.

The Company promises to pay interest on any overdue principal and premium and, to the extent permitted by law, on any overdue interest, at the rate or rates of interest on the Bonds. Such principal, premium, if any, and interest are payable at the office of the Trustee, or at the office of any successor trustee under the Indenture.

This Note is issued under and secured by the Loan Agreement. As provided in the Loan Agreement, Additional Notes or Parity Obligations may be issued and delivered by the Company to the Issuer or the purchaser or purchasers of the Parity Obligations, with the consent of the Issuer, to refund outstanding Notes or Parity Obligations, or to finance the cost of construction or acquiring improvements for the Company as defined in the Loan Agreement and such Notes or Parity Obligations, if issued, together with this Note, shall be equally and ratably secured by the lien of the Loan Agreement. Reference is hereby made to the Loan Agreement for a description of the property thereby mortgaged, the nature and extent of the security for such Notes and Parity Obligations and the rights of the holder thereof, the Company and the Issuer in respect thereof, and the provisions for amending the Loan Agreement, to all of which the holder hereof, by its acceptance hereof, assents.

The principal of this Note is subject to prepayment by the Company from time to time, in the manner and under the circumstances set forth in the Loan Agreement, in whole or in part, at a price equal to 100% of the principal amount hereof to be prepaid plus accrued and unpaid interest thereon to the date fixed for prepayment, together with the premium, if any, provided for in the Loan Agreement upon such prepayment.

In certain events and in the manner set forth in the Loan Agreement, the entire principal amount of this Note and the interest accrued thereon may be declared to be due and payable.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on this Note, or for any claim based thereon or on the Loan Agreement or any mortgage

supplemental thereto, against any shareholder, director, trustee or officer, past, present or future, of the Company, or of any successor corporation, as such, either directly or through the Company or any such successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability, whether at common law, in equity, by any constitution, statute or otherwise, of shareholder, directors, trustees or officers, as such being released as a condition of and consideration for the execution of the Loan Agreement and the issue of this Note.

It is understood that upon the full honoring of the Letter of Credit, this Note shall be endorsed by the Trustee to the Bank.

The Company hereby unconditionally waives diligence, presentment, protest, notice of dishonor and notice of default of the payment of any amount at any time payable to the Issuer under or in connection with this Note. All amounts payable hereunder are payable without relief from valuation and appraisement laws.

In any case where the date of payment hereunder shall be in the Issuer, a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then such payment shall be made on the next preceding business day with the same force and effect as if made on the date of payment hereunder.

All terms used in this Note which are defined in the Loan Agreement shall have the meanings assigned to them in the Loan Agreement.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed and its corporate seal to be affixed hereto.

Dated: December 1, 1981.

LUTHERAN HOMES, INC.

By_____, President

(Seal)

Attest:

_____

_____, Secretary

ENDORSEMENT

Pay, without recourse, to the order of Fort Wayne National Bank, as Trustee under the Trust Indenture dated as of December 1, 1981, from the undersigned.

CITY OF FORT WAYNE

By_____
Winfield C. Moses, Jr., Mayor

(Seal)

Attest:

_____
Charles W. Westerman, Clerk

headford & Company
INCORPORATED

2306 FORT WAYNE NATIONAL BANK BUILDING
FORT WAYNE, INDIANA 46802 • PHONE 219/424-2222

BOND PURCHASE AGREEMENT

As of December 1, 1981

City of Fort Wayne
Fort Wayne, Indiana

RE: $1,500,000 City of Fort Wayne, Indiana
Economic Development Revenue Bonds, Series 1981
(Lutheran Homes, Inc., Project)

Gentlemen:

The Underwriter hereby proposes to purchase all of the Bonds from the City and to make a public offering of the Bonds subject to the acceptance of this proposal by the City and the Company, at or before 12:00 Midnight local time then prevailing in Fort Wayne, Indiana, December 1, 1981, and subject to the following provisions:

SECTION 1. DEFINITIONS. The following terms shall have the following meanings in this Agreement unless another meaning is plainly intended:

"Bond" or "Bonds" means the City of Fort Wayne, Indiana, Economic Development Revenue Bonds, Series 1981 (Lutheran Homes, Inc., Project), being issued under the Indenture in the aggregate principal amount of $1,500,000 to finance the purchase of the Note.

"City" means the City of Fort Wayne, and its successors and assigns (1 Main Street, City-County Building, Fort Wayne, Indiana, 46801, attention: City Clerk).

"Company" means Lutheran Homes, Inc., an Indiana not-for-profit corporation, and its successors and assigns (6701 South Anthony Boulevard, Fort Wayne, Indiana, 46816).

"Indenture" means the Trust Indenture, dated as of December 1, 1981, by and ~~among the Company~~, the City of Fort Wayne, Indiana, and the Trustee, as it may from time to time be amended or supplemented pursuant to the Indenture.

"Loan Agreement" means the Loan Agreement, Mortgage and Security Agreement dated as of December 1, 1981, between the City and the Company.

"Mortgaged Property" means the real estate and existing facilities located thereon which adjoin the west side of the Project and certain furniture, fixtures, equipment, and related property located upon the Project Site, all of which is described in Exhibit A to the Loan Agreement.

"Note" means the Promissory Note of the Company dated the date of delivery of the Bonds in the principal amount of $1,500,000 being issued and sold by the Company to the City.

"Permitted Encumbrances" means Permitted Encumbrances to the Project as defined in the Loan Agreement.

"Project" means the Project Site and Building and Project Equipment.

"Project Site" means the real estate described in Exhibit ___ to the Loan Agreement, which adjoins the east side of the real estate comprising the "Mortgaged Property," as well as any building or structures located thereon.

"Project Equipment" means the furniture, fixtures, equipment, and related property described in Exhibit A to the Loan Agreement.

"Trustee" means Fort Wayne National Bank, and any successor trustee or co-trustee under the Indenture.

"Underwriter" means with respect to all of the Bonds issued under this Indenture, Headford & Company, Incorporated, Fort Wayne, Indiana.

SECTION 2. PURCHASE PRICE. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter shall purchase or cause to be purchased and the City shall sell all, but not less than all, of the Bonds at an aggregate purchase price of One Million Four Hundred Ten Thousand Dollars ($1,410,000), plus accrued interest thereon from December 1, 1981, to the date of Closing.

SECTION 3. REPRESENTATIONS OF CITY. The City represents to the Underwriter that: (a) the Official Statement does not contain or omit any statement with respect to the City or its affairs which might in any material respect adversely or unfavorably affect the transactions contemplated by the Official Statement; (b) when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions

SIPC

of this Agreement, the Bonds will have been duly authorized, executed, authenticated, issued, and delivered and will constitute valid and binding special obligations of the City of the character referred to in the Official Statement, in conformity with, and entitled to the benefit and security of, the Indenture; (c) the City is empowered and has been duly authorized to enter into this Agreement, the Indenture and the Loan Agreement as contemplated herein and therein, and the entry into this Agreement, the Indenture and the Loan Agreement will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party, or any existing law, administrative regulation, court order or consent decree to which the City is a known party.

SECTION 4. REPRESENTATIONS OF COMPANY. The Company represents to the Underwriter that: (a) on the date hereof and on the date of the Closing, the statements and information contained in the Official Statement are and will be true and complete in all material respects, and the Official Statement does not contain or omit any statement or information necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading in any material respect; (b) the Official Statement does not omit any information with respect to the Company or its business, properties, and affairs which might in a material respect adversely or unfavorably affect the transactions contemplated by the Official Statement; (c) the Company is and will be at the date of Closing an Indiana not-for-profit corporation, duly organized under the laws of the State of Indiana; (d) the Company is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, has received notification from the Internal Revenue Service to that effect and such notification is currently effective, and is exempt from federal income tax under Section 501(2) of the Code; (e) the Company is empowered and has been duly authorized to approve this Agreement; (f) the execution and delivery of this Agreement, the Indenture, the Note and the Loan Agreement, and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of the Company a breach of or default under any agreement or other instruments to which the Company is a party, or any existing laws, administrative regulation, court order or consent decree to which the Company is subject.

SECTION 5. REPRESENTATIONS OF UNDERWRITER. The Underwriter represents to the City and the Company that the Bonds, if issued, will be offered and sold by the Underwriter in accordance with applicable state and federal securities laws.

SIPC

SECTION 6. OFFICIAL STATEMENT. Contemporaneously with the execution and delivery of this Agreement, the City and the Company shall authorize delivery to the Underwriter of three copies of the final Official Statement, executed by facsimile signature on behalf of the City by its Mayor and approved by the Company, executed on its behalf by its President. The City (subject to its limited liability and only to the extent of its certificates in the Official Statement) and the Company agree that the final Official Statement, and copies of the Indenture, the Note, the Loan Agreement, and the Company's audited financial statements as supplied to the Underwriter, and those portions as included in the Appendix to the Official Statement, may be used by the Underwriter in the public offering of the Bonds; and that they will cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities acts of any states.

SECTION 7. AUDIT. The Company shall cause an independent audit to be delivered to Headford & Company, Incorporated, within 90 days after the end of each fiscal year.

SECTION 8. CLOSING, DELIVERY AND PAYMENT. To the best of our ability, the Closing shall be held at 9:00 o'clock a.m., December 2, 1981, in the Trust Department of Fort Wayne National Bank, 110 West Berry Street, Fort Wayne, Indiana, or at such other time and place as shall be mutually agreeable to the parties hereto. At the Closing the Underwriter shall accept or arrange for acceptance of the delivery of the Bonds from the City and shall make or cause to be made payment therefor as provided herein in federal funds or other immediately available funds upon (i) tender of the Bonds to the Underwriter by the City; and (ii) delivery to the Underwriter of copies of the final Official Statement in conformance with Section 6 hereof, and the Closing Documents to be respectively supplied.

SECTION 9. CLOSING DOCUMENTS. The Closing Documents shall consist of the following, each properly executed, certified or otherwise verified, dated as of the date of Closing, and in such form as may be mutually satisfactory to Bond Counsel, Counsel for the Issuer, Counsel for the Company and Counsel for the Underwriter, including, but not limited to, the matters hereinafter set forth.

(a) The Trust Indenture;

(b) The Loan Agreement, Mortgage and Security Agreement;

(c) The Note;

(d) The Irrevocable Letter of Credit and Credit Agreement;

SIPC

(e) The City's closing certificate confirming (i) the representations made by the City herein; (ii) that there is no litigation pending or threatened directly against the Issuer to restrain or enjoin the issuance or delivery of the Bonds, or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or to restrain or enjoin the transactions contemplated by this Agreement, the Indenture, the Note, or the Loan Agreement, or questioning the validity thereof, or in any way contesting the relevant existence or the powers of the City; (iii) the represented application of proceeds of the sale of the Bonds as described in the Indenture; (iv) the adoption and present effectiveness of all resolutions of its Governing Body reasonably considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated thereby, with copies of said resolutions attached; and (v) the Indenture is in full force and effect, has not been modified or amended, and neither party is knowingly in default thereunder;

(f) The Company's closing certificate confirming (i) the representations made by the Company herein; (ii) that there is no litigation pending or threatened to restrain or enjoin the issuance or delivery of the Bonds, or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or to restrain or enjoin the transactions contemplated by this Agreement, the Indenture, the Note, the Loan Agreement, or the Credit Agreement, or questioning the validity thereof, or in any way contesting the legal existence or powers of the Company; (iii) the application of the proceeds of the sale of the Bonds as described in the Indenture; (iv) the adoption and present effectiveness of all resolutions of the Company considered necessary, in the opinion of Bond Counsel, in connection with the transactions contemplated hereby, with copies of said resolutions attached; and (v) that the Loan Agreement is in full force and effect, has not been modified or amended; and neither party is in default thereof;

(g) Certified copies of the Company's Articles of Incorporation and By-Laws.

(h) An opinion of Counsel for the Fort Wayne Economic Development Commission and for the City of Fort Wayne, addressed to the Company, Bond Counsel, the Underwriter, and Counsel to the Underwriter, to the effect that (i) the City is a political subdivision of the State of Indiana, duly incorporated, validly existing and in good standing under the laws of said State and has all the necessary power and authority to issue the Bonds and enter into this Agreement, the Indenture, and the Loan Agreement; (ii) the Bonds, this Agreement, the Indenture and the

SIPC

Loan Agreement have been duly authorized, executed, and delivered by the City and constitute binding and enforceable special agreements of the City, except to the extent limited by bankruptcy, reorganization, or other laws of general application relating to or affecting the enforcement of creditor's rights; (iii) nothing has come to their knowledge in the Official Statement as the same pertains to the City contains an untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; (iv) to the best of their knowledge, no litigation or proceeding is pending or threatened directly against the City to restrain or enjoin the issuance or delivery of the Bonds, or in any way contesting or affecting any authority for the issuance of the Bonds, or the validity of the Bonds, or to restrain or enjoin the transactions contemplated by this Agreement, the Indenture, the Loan Agreement, the Note, or questioning the validity thereof, or in any way contesting the existence or the relevant powers of the City; (v) nothing has come to their knowledge which would lead them to believe that the execution and delivery of this Agreement, the Bonds, the Indenture, and the Loan Agreement, and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party, or any existing law, administrative regulation or court order or consent decree to which the City is a direct party, and all consents, approvals, authorizations, and orders of governmental or regulatory authorities which are required of the City for consummation of the transactions thereby contemplated have been duly obtained.

(i) A standard ALTA Form B owner's/mortgagee title insurance policy, dated the date of Closing, payable to the Trustee in the amount of not less than $1,500,000, assuring that the Trustee has a first mortgage lien on the Company's ownership interest in the real estate described in the Loan Agreement and the Indenture, subject only to Permitted Encumbrances, as defined in the Loan Agreement and the Indenture, and showing the City's interest in the real estate described in the Loan Agreement and Indenture to be subject to no lien, encumbrance, mortgage, trust deed, or other conveyance for purposes of security.

(j) An appropriate certificate of the City, in form and substance satisfactory to Bond Counsel, pursuant to the requirements of Section 103(c) of the Code.

(k) Financing statements prepared for recording in the offices of the Indiana Secretary of State and the Allen County Recorder, covering the Project Equipment described in Exhibit A to the Loan Agreement and showing the City as secured party thereon.

SIPC

(l) Copies of commitments for policies of insurance evidencing insurance coverage on the Mortgaged Property and Project Equipment described in the Loan Agreement and Indenture, in accordance with the provisions of Section 3.13 of the Loan Agreement.

(m) The opinion of Helmke, Beams, Boyer & Wagner, Counsel to the Company, addressed to the Underwriter and to its Counsel, and to Bond Counsel, to the effect that (i) the Company is a not-for-profit corporation duly organized and validly existing under the laws of the State of Indiana, and has all requisite corporate power, and has been duly authorized to enter into and to carry out all the transactions contemplated under the Loan Agreement, the Note, the Credit Agreement, and the Bond Purchase Agreement; (ii) the Company is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, is currently so recognized by the Internal Revenue Service, and is exempt from federal income tax under Section 501(a) of the Code; (iii) the execution, delivery, and performance of the Loan Agreement, the Note, the Indenture, the Credit Agreement, and the Bond Purchase Agreement, through its President, have been duly authorized by the Company and constitute legal, valid, and binding agreements of the Company in accordance with their respective terms, subject to bankruptcy laws, insolvency laws, and laws affecting creditors' rights generally, and the execution and delivery thereof by the Company will not contravene any provision of the applicable law, or its Articles of Incorporation or By-Laws, or to the best of their knowledge, any judgment, order, decree, agreement, indenture, mortgage, lease, note, loan agreement, or other obligation or instrument binding upon it; (iv) to the best of their knowledge, there is no action or proceeding pending or, to their knowledge, threatened by or against the Company before any court or administrative agency which might adversely affect the authority or ability of the Company to perform its obligation under the Loan Agreement, Note, Indenture, Credit Agreement, or the Bond Purchase Agreement; (v) all authorizations, consents, and approvals of governmental bodies or agencies required in connection with the execution and delivery of the Loan Agreement, Note, Indenture, Credit Agreement, and the Bond Purchase Agreement have been obtained; (vi) The Company has good and marketable title to the Mortgaged Property, subject to Permitted Encumbrances (which opinion on title to the Mortgaged Property may be based solely upon the title examinations conducted by the title insurance company and upon the title insurance commitment); (vii) nothing has come to their attention which would lead them to believe that the Official Statement contains an untrue statement of a material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; and (viii) the Company has by the Loan Agreement granted a good, valid and enforceable security interest of first priority in the Project Equipment to the City.

SIPC

34-7-12

(n) The opinion of Ice Miller Donadio & Ryan, Bond Counsel, addressed to the Underwriter, to the effect that (i) Title 18, Article 6, Chapter 4.5 of The Indiana Code (hereinafter called the "Act"), pursuant to which the Bonds are issued, is constitutional; (ii) the City and its Economic Development Commission are lawfully organized and existing entities under the constitution and laws of the State of Indiana and have good, right, and lawful authority under the provisions of such constitution and laws, to issue economic development revenue bonds and to loan the proceeds thereof to a corporation for the purpose of financing economic development facilities; (iii) the Loan Agreement has been duly entered into in accordance with the provisions of the Act and is a valid and binding Loan Agreement enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, and other laws which generally affect the rights of creditors; (iv) the Indenture is a legal, valid, and binding agreement, duly entered into and enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, and other laws which generally affect the rights of creditors; (v) the Bonds have been duly authorized, executed and issued and are valid and binding obligations in accordance with the terms thereof, and are payable from and secured by a pledge and assignment of certain payments to be received by the City and the Trustee pursuant to the Loan Agreement and Note, and that the Bonds are secured by a pledge of and lien on the Promissory Note payments and the Bond Fund, and are further secured by the assignment of the Note, and the Loan Agreement; (vi) in their opinion, the Bonds, proceeds received by a holder from the sale of such Bonds to the extent of the holder's cost of acquisition, proceeds received upon redemption prior to maturity, proceeds received at maturity, and interest received on such Bonds, shall be exempt from taxation in the State of Indiana for all purposes, except the state inheritance tax; that under existing federal statutes, decisions, regulations and ruling, the interest on the Bonds is now exempt from federal income tax; except that under the Internal Revenue Code, Section 103(b), as amended by the Revenue and Expenditure Control Act of 1968, the interest on the Bonds will not be exempt from taxation during the time such Bonds are held by a person who is a substantial user of the facilities or related persons; and (vii) the Bonds are exempt securities under the Securities Act of 1933, as amended, and the offer and sale thereof does not require registration under said Securities Act nor must an indenture with respect thereto be qualified under the Trust Indenture Act of 1939, as amended.

SIPC

(o) The opinion of Barrett, Barrett & McNagny, Counsel to Fort Wayne National Bank (the "Bank"), addressed to the Underwriter and to its Counsel, and to Bond Counsel, to the effect that (i) the Bank is a national banking association duly organized and validly existing under applicable federal banking laws; (ii) the Bank has all necessary power and authority to enter into the irrevocable Letter of Credit No. LC-____ (the "Letter of Credit"), and that certain Credit Agreement dated December 1, 1981, between the Company and the Bank (the "Credit Agreement"), and to perform the obligations of the Bank thereunder; (iii) the Letter of Credit and the Credit Agreement have each been duly authorized, executed, and delivered by the Bank and constitute the legal, valid, binding and enforceable obligations of the Bank in accordance with their terms, except to the extent that the enforcement thereof may be limited by laws relating to bankruptcy, insolvency, or other similar laws affecting creditors' rights generally; (iv) no approval, consent or authorization of any federal or state commission, board or regulatory body is legally required by the Bank in connection with the lawful execution and delivery of the Letter of Credit and the Credit Agreement; (v) the execution, delivery and performance by the Bank of the Letter of Credit and the Credit Agreement do not and will not violate any provision of law or any applicable judgment, order or regulation of any court or any public or governmental agency or authority of the United States or the State of Indiana of which they have knowledge; and (vi) to the best of their knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by judicial or administrative court or agency pending or threatened against or affecting the Bank wherein an unfavorable decision, ruling or finding would materially and adversely affect the validity or enforceability of the Letter of Credit and the Credit Agreement.

(p) Such legal opinions, certificates, instruments, and other documents as the Underwriter, Bond Counsel, or Counsel to the Company may reasonably request to evidence compliance by the City and the Company with legal requirements and those contained herein, the truth and accuracy, as of the date of Closing of the respective representations contained herein and in the Official Statement; and the due performance or satisfaction by them of all agreements to be performed by them and all conditions to be satisfied by them.

SECTION 10. TERMINATION BY UNDERWRITER. This Agreement may be terminated in writing by the Underwriter if any of the following shall occur: (i) this Agreement shall not have been accepted by the City or shall not have been approved by the Company within the time herein provided; (ii) the Official Statement shall not have been provided within the time required by this Agreement; (iii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriter

SIPC

as of 5:00 o'clock p.m. on the date of Closing; (iv) in the judgment of the Underwriter, either the City or the Company has failed to comply with the terms of this Agreement; (v) pertinent legislation shall be enacted, or actively considered for enactment, or a binding, relevant court decision announced, or a ruling, regulation, or decision by or on behalf of a governmental agency having jurisdiction of the subject matter shall be made to the effect that the revenues or other income of the general character to be derived by the City, or by any similar body, or interest on obligations of the general character of the Bonds shall not be exempt from federal income taxes, or the securities of the general character of the Bonds shall not be exempt from registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended; (vi) there shall exist any event or circumstance which, in the reasonable opinion of the Underwriter, either makes untrue or incorrect in a material respect any statement or information contained in the Official Statement, or is not reflected to make the statements and information contained therein not misleading in a material respect; (vii) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity, or crisis on the financial market of the United States of America being such as in the opinion of the Underwriter would make it impracticable for the Underwriter to sell the Bonds; (viii) there shall be in force a general suspension of trading on the New York Stock Exchange, or minimum or maximum prices for general trading shall have been fixed and be in force; (ix) in the judgment of the Underwriter the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be substantially and materially adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds, any material restrictions not now in force, or increase materially those now in force with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters; (x) a general moratorium shall have been declared by either the United States of America, the State of Indiana, or the City of Fort Wayne, Indiana, authorities having jurisdiction, and shall be in force.

SECTION 11. TERMINATION BY CITY. This Agreement may be terminated in writing by the City and the Company in the event that the Underwriter shall fail to accept delivery of the Bonds on the Closing Date upon tender thereof to the Underwriter by the City, delivery to the Underwriter of copies of the Official Statement in conformance with Section 6 hereof, and all of the Closing Documents, and the making of the required deposits by the Company into the Construction Fund established under the Indenture.

SIPC

SECTION 12. CHANGES AFFECTING THE OFFICIAL STATEMENT AFTER THE CLOSING. After the Closing, and so long as the Underwriter or any participating dealer shall be offering Bonds which constitute the whole or a part of their unsold participations, the City will not adopt any amendment of or supplement to the Official Statement except with the written consent of the Underwriter, and if any event relating to or affecting the City or the Company shall occur, the result of which shall make it necesary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make it not misleading in the light of the circumstances existing at that time, the City shall cooperate with the Company forthwith in preparing and approving, respectively and furnishing to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement in the form and substance satisfactory to the Underwriter, so that it then will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances existing at the time, not misleading.

SECTION 13. EXPENSES. The Underwriter shall pay the cost of (i) all advertising expenses incurred by it in connection with the sale of the Bonds; and (ii) all other expenses incurred by it in connection with the sale and distribution of the Bonds, excepting only those expenses incurred by the Underwriter and associated with the issuance of the Bonds which are to be paid by the Company as hereinafter provided.

The Company shall pay all of the other costs and expenses in connection with the financing contemplated by this Agreement, the Indenture, and the Loan Agreement, including but not limited to: (i) the fees and disbursements of Bond Counsel, Counsel to the City of Fort Wayne Economic Development Commission and the City of Fort Wayne, Counsel to the Company, and Counsel to the Underwriter; (ii) title insurance premiums and recording and filing fees; (iii) the cost of preparation and printing of the Bonds; and (iv) the cost of printing the Official Statements required for distribution and use in connection with the offering of the Bonds.

SECTION 14. NOTICES. Any notices or other communication to be given to the City and the Company under this Agreement may be given by delivering the same in writing to their respective addresses set forth above, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the Underwriter at 2306 Fort Wayne National Bank Building, Fort Wayne, Indiana, 46802.

SIPC

SECTION 15. PARTIES AND INTEREST; COMPANY'S UNDERTAKINGS; SURVIVAL OF REPRESENTATIONS. This Agreement is made solely for the benefit of the City, the Company, and the Underwriter, including the successors and assigns of the Underwriter, and no other person, partnership, association, or corporation shall acquire or have any rights hereunder or by virtue hereof. The Company has joined in this Agreement for the purposes of approving the undertakings hereunder of the City and the Underwriter, and to make the respective representations, indemnities, and consents expressly stated herein. All representations and agreements by the City and the Company in this Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Bonds.

SECTION 16. INDEMNIFICATION. The Company agrees to indemnify and hold harmless the Underwriter, the City and any person who controls the Underwriter within the meaning of the Securities Act of 1933, as amended, against any and all claims arising out of any statement or information contained in the Official Statement that is untrue in any material respect, or the omission therefrom of any information which should be contained therein which is necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading in any material respect, and to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Company. In case any claim shall be made or action brought against the Underwriter, the City, or any controlling person based upon the Official Statement, in respect of which indemnity may be sought against the Company, the Underwriter and/or the City shall promptly notify the Company in writing setting forth the particulars of such claim or action and the Company shall assume the defense thereof, including the retaining of counsel and the payment of all expenses. The Underwriter or any such controlling person and the City shall each have the right to retain separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Underwriter, such controlling person, or the City unless the retaining of such counsel has been specifically authorized by the Company.

HEADFORD & COMPANY, INCORPORATED

By George H. Headford

George H. Headford, President

SIPC

ACCEPTED BY THE CITY OF FORT WAYNE, INDIANA,
this _____ day of _____, 1981,

By_____
Mayor

ATTEST:

_____
Clerk

ACCEPTED BY LUTHERAN HOMES, INC.,

By_____
President

SIPC

LUTHERAN HOMES INC (9) 5.82 ± A

CERTIFICATE OF SURVEY NUMBER SW 30-30-13

OFFICE OF **HOFER AND DAVIS, INC.**

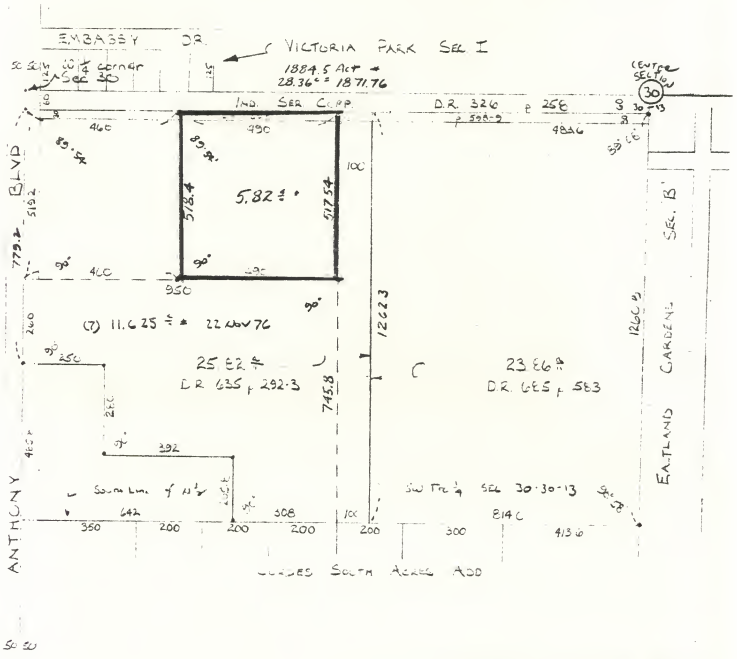
CIVIL ENGINEERS & LAND SURVEYORS
FORT WAYNE, INDIANA

A. K. HOFER P.E. No. 72 (1968) L. S. No. 10504
CARL A. HOFER P.E. No. 7122 L. S. No. 10031
WILLIAM S. DAVIS L. S. No. S-0053 L.S. No. 18114 Michigan

This document is the record of a resurvey of land and real estate situated in the City of Fort Wayne, Allen County, Indiana, made in accordance with the plat and deed record thereof on file in the Office of Recorder of said County and State. The land below described exists in full dimension as herein noted in feet, and is free from encroachments by adjoining landowners, and furthermore, contains entirely within its boundaries the structures of the buildings on it situated; all as below indicated in detail. Any exceptions or discrepancies are below noted.

Scale 300

DESCRIPTION OF PROPERTY Lot No. SEE ATTACHED SHEET No. 2



IN WITNESS WHEREOF, I place my hand and seal, this 17 day of NOVEMBER 19 81

Carl A Hofer

Part of the North One-Half of the Southwest Fractional Quarter of Section 30, Township 30 North, Range 13 East, Allen County, Indiana.

To arrive at the point of beginning, commence at the West Quarter corner of said Fractional Section; thence South on the Range line between Ranges 12 and 13 as by the centerline of the public highway known as Anthony Boulevard defined, a distance of 60.0 feet; thence East on a line parallel to the North line of said Quarter Section, a distance of 460.0 feet to the aforesaid point of beginning; thence continuing East on a line parallel to the North line of said Quarter Section, a distance of 490.0 feet; thence Southerly by a deflection right of 89 degrees 54 minutes on a line parallel to the West line of said Quarter Section, a distance of 517.54 feet, more or less, to a point situated 745.8 feet North of the South line of the North One-Half of the said Southwest Fractional Quarter Section; thence Westerly by a deflection right of 90 degrees 00 minutes on a line parallel to the line aforesaid, a distance of 490.0 feet; thence Northerly by a deflection right of 90 degrees 00 minutes on a line parallel to the West line of said Quarter Section, a distance of 518.40 feet, more or less, to the point of beginning.

Containing 5.82 Acres, more or less.

SUBJECT TO an Easement to the Indiana Service Corporation (Indiana & Michigan Electric Company) upon and over the North 30 feet thereof.

FLOOD PLAIN CERTIFICATE

Outside the Flood Hazard Area per HUD Map No. 26, Allen County, dated February 27, 1976.

IN WITNESS WHEREOF, I place my hand and seal, this 17th day of November 1981.

Carl A. Hofer

ADOPTED JAN. 1, 1970 BY: CHICAGO TITLE INSURANCE CO.
LAWYERS TITLE INSURANCE CORP.
PIONEER NATIONAL TITLE INSURANCE CO.

Policy No. _____
(FOR TITLE CO. USE)

ADOPTED JAN. 16, 1970 BY: INDIANA SOCIETY OF PROFESSIONAL LAND SURVEYORS

LUTHERAN HOMES INC (9-2)

MINIMUM STANDARD DETAIL REQUIREMENTS
FOR INDIANA LAND TITLE SURVEYS

This certificate shall be executed by an Indiana Registered Land Surveyor and attached to and made a part of each Land Title Survey which is submitted for the purpose of inducing a Title Insurance Company to delete certain standard exceptions from Loan Policies (except single or double family residential tracts) or owners policies. The following survey instructions establish the basis on which the survey is to be performed and the certificate to be rendered.

1. Every parcel of land whose boundaries are surveyed by a licensed surveyor shall be made conformable with the *record title* boundaries of such land. When it is necessary or desirable to revise or modernize the record description, it should be certified on the plat of survey that the real estate in the revised or modernized description *is the same as or lies entirely within the record* description, or it should be noted that the record description is faulty or ambiguous and why. Deed Record 635, pages 292-3 (Lutheran Old Peoples Home, Inc.)

2. Show all monuments, stakes or marks found or placed and note *which were found and which were placed. Proof of establishment of all boundaries is of the utmost importance* and it should be apparent, from an examination of the plat of survey, why the surveyor adopted the location delineated. This often requires a showing of actual measured distances and bearings around the entire block and any monuments found which indicate property lines. Where occupation alone is chosen as the best possible location, enough ties to buildings, walls, fences, surveyor's monuments, etc. and their actual or estimated age, must be shown to indicate the pattern of occupation within the block. Interior parcel lines must clearly indicate contiguity, gores, and/or overlaps.

   X

3. When the surveyor has doubt as to the location on the ground of street or lot lines or monuments (for such reasons as street and lot lines being undefinable or indefinite because of insufficient monuments or markers in the ground or where errors are found to exist in the legal descriptions or recorded plats), the surveyor shall clearly indicate the nature of the difficulty and give his professional opinion as to range and scope of differences possibly involved and the effect of same on the surveyed positions.

   X

4. Show any physical evidence at or near a boundary that is or appears to be a line of possession or occupation. This will include buildings, fences, hedges, etc. Where there is no physical evidence of possession along the record line the survey shall note along that line "no physical evidence of line."

   X

5. Show the location, dimensions and type of all buildings on the surveyed property. Show their location by the shortest dimension to the exterior boundaries and their relationship to any known setback lines.

   See Survey Map 1 Inch = 60 feet

6. As a result of having viewed the property with reasonable diligence, show any physical evidence of possible easements, such as roads, rights of way, railroads, drains, telephone, telegraph, or electric lines, water, sewer, oil or gas pipelines, driveways, billboards, etc., if they are on or run across the surveyed property and appear to serve the public or adjoining property owners. If there are any surface indications of underground easements, such as manholes, pipe line markers, sewer or drain outlets, etc., on (or near if pertinent) the surveyed property, show them.

   X

7. In built-up areas with walls on the property line, show them, and indicate whether they are or appear to be independent or party walls. Show location and thickness of these walls, and if a building on the surveyed property appears to use a wall of adjoining premises, show this.

   X

8. Show by dimension the extent of any apparent encroachments by buildings or other improvements appurtenant to the surveyed property or the adjoining property.

   X

9. As a result of having viewed the property with reasonable diligence, show any cemeteries and burial grounds located within the surveyed tract (i.e., "family" cemeteries), either with the boundaries accurately located or with as much information as possible and a note that the boundaries are uncertain, if that is the case.

   X

— Over —

Policy No. _____
(FOR TITLE CO. USE)

10. Show the existence of any lakes, ditches, streams or rivers running through or bordering on the premises being surveyed. The detailed locations are required only when a boundary or property line is determined thereby.
X

11. Show any and all roads, streets, or alleys running adjacent to the boundaries of or partly or entirely on the surveyed property, with width, right-of-way lines, name and location clearly indicated. If the above cannot be determined, then this will be noted.
X

12. If the survey shows an easement that is established by a recorded instrument, the identification of the easement shall show the record reference of the instrument, and, unless otherwise noted, this showing indicates that the physical evidence and record description of the easement conform.
X

13. The accuracy of measurements and calculations performed in the preparation of surveys which accompany this certificate shall conform to professionally recognized standards as applicable to the type survey performed. Such standards have been adopted by the Indiana Society of Professional Land Surveyors. All field measurements must be balanced, both as to angles and distances, so as to provide a mathematical closure. Show the basis of bearings, assumed or otherwise, the scale of the plat and a north arrow. The plat of survey shall show the following information for any curve; length of arc, radius, central angle and bearing to the radius point from the beginning and end points of the curve. X

14. All surveys must carry a date within 30 days of the date of this certificate. Updating of a survey by recertification is acceptable if conditions as of date of recertification are shown thereon.
X

15. Cite any qualification of the preceding requirements in the space below.
X

CERTIFICATE

This is to certify to: ☐ Pioneer National Title Insurance Co.
☐ Lawyers Title Insurance Corp.
☐ Chicago Title Insurance Co.
☐

that the attached plat is a true and correct survey of the premises briefly described as:

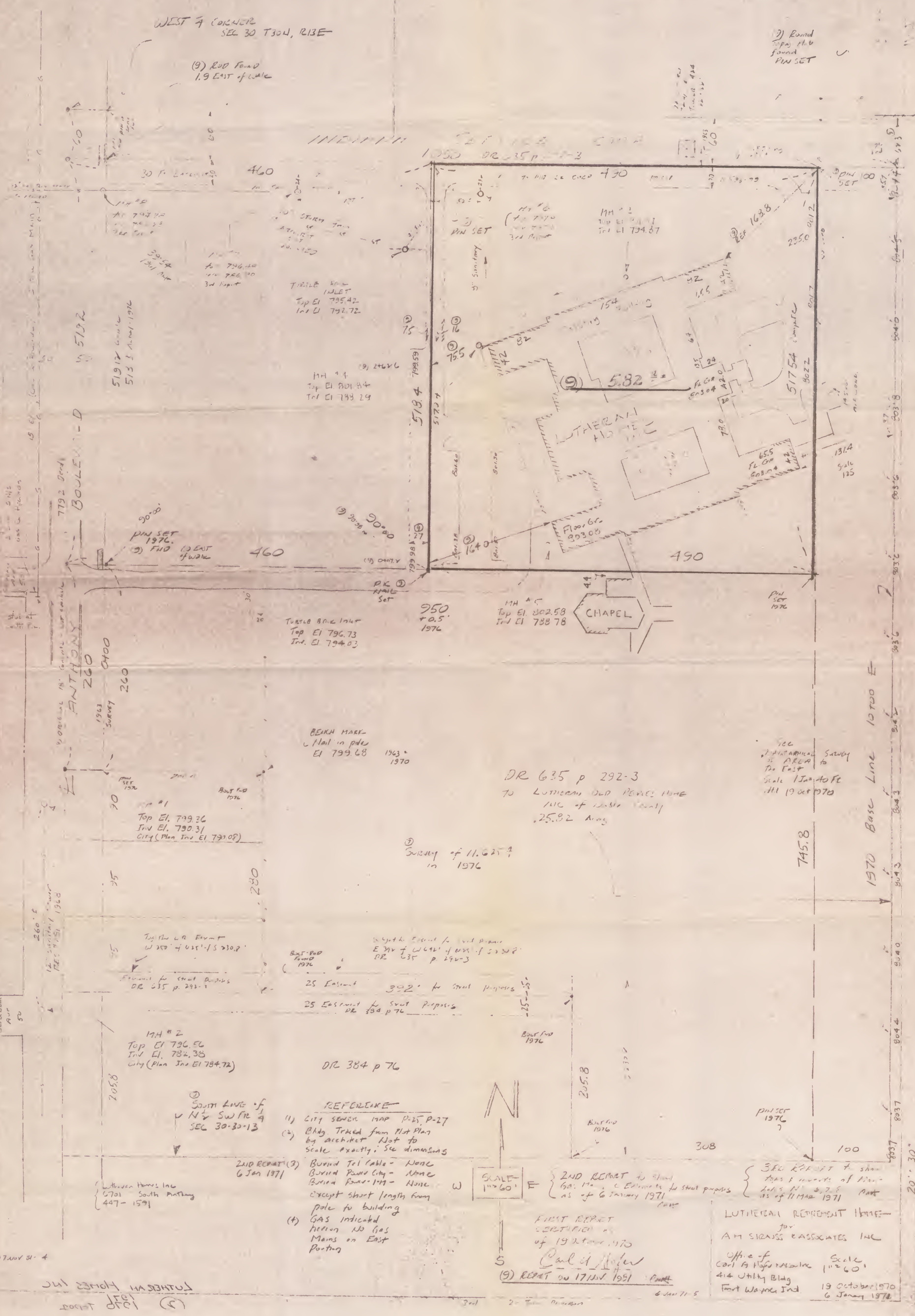
Survey By (Co. Name) – HOFER AND DAVIS, INC.
Date of Survey – 17 November 1981 and 25 November 1981
Job No. (If Any) – LUTHERAN HOMES, INC. (9)(9-2)
Client's Name –
Brief Description – Part of the Southwest Quarter, Section 30, Township 30 North, Range 13 East, Allen County, Indiana, containing 5.82 Acres, more or less.

and completely described on the attached plat.

I further certify that this survey was made in accordance with the instructions set out above and which are by reference made a part of this certificate.

Dated this 25th day of November, 19 81

Seal

Signed: Paul A. Hofer

LUTHERAN HOMES INC (2)
WEST AREA
(9) SURVEY OF 5.82 ACRES ±
" OF 17 NOV 1981